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Company Number
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Bloomsbury Publishing Plc

ANNUAL REPORT & ACCOUNTS 2019

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Bloomsbury Publishing Plc

Bloomsbury Publishing is an entrepreneurial, independent, worldwide publisher listed on the London Stock Exchange with offices in London, Oxford, New York, Sydney and New Delhi. Over its 33 year history, Bloomsbury's mission has been to publish works of excellence and originality. Bloomsbury has built up an extremely valuable portfolio of content and rights-based intellectual property assets.

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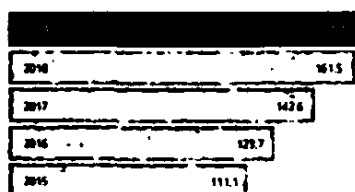
Cautionary statement

This document should be read in conjunction with the legal notice on page 145

Performance Review

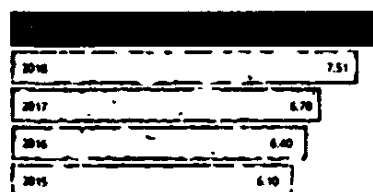
Revenue
£m

£162.7m
+1%



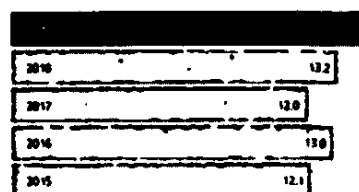
Dividend
pence per share

7.96p
+6%



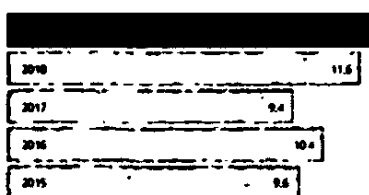
Adjusted profit¹
£m

£14.4m
+9%



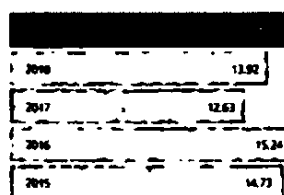
Profit before tax
£m

£12.0m
+3%



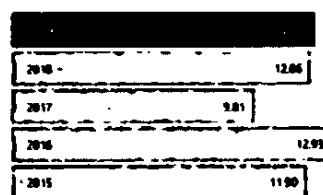
Adjusted diluted EPS²
pence per share

14.97p
+8%



Diluted EPS
pence per share

12.25p
+2%



Notes:

- Adjusted profit is profit before taxation, amortisation of acquired intangible assets and other highlighted items
- Adjusted diluted EPS is calculated from adjusted profit with taxation on adjusted profit deducted

Highlights

Financial Highlights

- * Profit before taxation and highlighted items* grew by 9% to £14.4 million, up from £13.2 million in 2017/18, ahead of market expectations
- * Total revenues rose to £162.7 million (2017/18: £161.5 million)
- * Profit before taxation grew by 3% to £12.0 million (2017/18: £11.6 million)
- * Diluted earnings per share, excluding highlighted items*, grew by 8% to 14.97p (2017/18: 13.92p)
- * Diluted earnings per share grew by 16% to 12.25p (2017/18: 10.60p)
- * Cash conversion of 128% (2017/18: 161%), excluding the acquisition, with net cash of £27.6 million at 28 February 2019 (2018: £25.4 million)
- * Proposed final dividend up 6% to 6.75p per share, making a total dividend of 7.96p per share for the year (2017/18: 7.51p per share)
- * 24th consecutive year of dividend growth

Operational Highlights

Non-Consumer division

- * Excellent Academic & Professional performance, with profit before highlighted items of £3.1 million (2017/18: loss of £0.4 million) and revenue up 13%
- * Non-Consumer revenues grew 7% to £63.4 million (2017/18: £59.3 million)
- * Bloomsbury Digital Resources 2020 ("BDR 2020") Academic & Professional revenues up 42% on a like-for-like basis, excluding the impact of IFRS 15
- * Five new digital resources launched during the year, as planned
- * Acquisition of I.B. Tauris Co. Ltd ("IBT") in May 2018 completed for £5.6 million, strengthening our digital resources with its quality academic IP
- * IBT delivered £2.5 million of revenue and £0.4 million of profit before highlighted items for the first ten months of ownership
- * Substantial new B2B five-year digital subscription contract with the Institute of Chartered Accountants of England and Wales ("ICAEW"), announced in October 2018

Consumer division

- * Resilient full year results, with profit before highlighted items of £10.7 million (2017/18: £11.4 million)
- * Exceptional Adult Trade performance, with operating profit before highlighted items of £0.9 million (2017/18: loss of £0.2 million) and revenue up 1%
- * Children's Trade delivered profit before highlighted items of £9.8 million (2017/18: £11.6 million), with enduring sales of the Harry Potter series against last year's very strong comparative with the twentieth anniversary. Sarah J. Maas titles continued their bestselling performance, including the new bestseller Kingdom of Ash, and revenue and profit growth delivered in the rest of the Children's division

Bigger Bloomsbury

Bigger Bloomsbury represents our seven key growth initiatives, announced in May 2018. During the year, we delivered all seven of these initiatives, with notable highlights including delivering excellent growth in Adult and Academic & Professional profitability, international growth and continued working capital improvement.

Notes

* Highlighted items comprise amortisation of acquired intangible assets and restructuring costs and legal and other professional fees relating to the acquisition of IBT

Harry Potter and the Philosopher's Stone was the fourth bestselling Children's book on UK Nielsen Bookscan, twenty-one years after it was first published

Stuart Turton's *The Seven Deaths of Evelyn Hardcastle* was the winner of the Costa First Novel Award

In the Closet of the Volcan by Frédéric Marlet was a New York Times bestseller published by the Special Interest Division

Sarah J. Maas sales continue to grow with the global number one bestseller, *Kingdom of Ash*

Chairman's Statement

Sir Richard Lambert

"The digital age continues to provide exciting new opportunities for Bloomsbury."

Sir Richard Lambert
Non-Executive Chairman

Bloomsbury delivered a strong performance over the year to February, reflected in the robust financial results. Group revenues rose by 1% to £162.7 million and profits before taxation and highlighted items increased by 9% to £14.4 million, ahead of market expectations. Profits before taxation were up by 3% to £12.0 million.

The Board is recommending a final dividend of 6.75 pence per share, which if approved by Shareholders would bring a total dividend of 7.96 pence per share for the year. This represents an increase in full year dividend of 6% and continues Bloomsbury's record of dividend growth for the 24th consecutive year. Subject to approval at the Annual General Meeting to be held on 17 July, the final dividend will be payable on 23 August to Shareholders on the register on the record date of 26 July. The Strategic Report that follows, which includes the Chief Executive's Review, provides more detail on the Group's performance for the year.

Bloomsbury's excellent results are underpinned by its commitment to publishing works of the highest standard and quality. The year saw Michael

Ondaatje named winner of the 2018 Golden Man Booker Prize for Fiction for *The English Patient* and Stuart Turtton won the Costa First Novel Award 2018 for Fiction for *The Seven Deaths of Evelyn Hardcastle*. Bloomsbury's authors continue to enrich the lives of millions of people across the world. And on behalf of the Board, I would also like to thank the staff for their hard work and dedication to publishing the Bloomsbury way.

After ten years on the Board, Richard Charkin stood down from his executive responsibilities at the end of last May. Jill Jones will leave the Board as a Non-Executive Director and Chair of the Remuneration Committee at the Annual General Meeting. Jill joined the Board in 2013 and has provided practical insights of great value. The Company has benefitted immensely from her presence on the Board and her guidance, drawn from her extensive publishing experience. I would like to thank both Richard and Jill most warmly for their support during their time on the Board. The Nomination Committee led a rigorous search process for Jill's successor and I am delighted to welcome Leslie-Ann Reed to the Board, who will be joining Bloomsbury as Non-Executive Director on 17 July. Leslie-Ann brings a wealth of experience, having previously held senior finance leadership and non-executive roles with various media and professional services companies. I am happy to say that Steven Hall will succeed Jill as Chair of the Remuneration Committee when she leaves.

The digital age continues to provide exciting opportunities for Bloomsbury. The Company has delivered well on the Bloomsbury Digital Resources 2020 digital growth strategy through the launch of five new digital resources during the year and new content partnerships. The acquisition of I.B. Tauris & Co. Limited, the London-based academic publisher, not only consolidates our significant presence in humanities and social science academic publishing, but also represents another important step on the way to increasing Bloomsbury's digital resource offering. These are just a few of our achievements in the digital sphere for the year. Over the coming years, the Bloomsbury Digital Resources 2020 strategy will expand the Group's portfolio of high-quality digital resources for academic libraries and for professionals. With its sound balance sheet, progressive dividend record, great authors and wonderful staff, I am confident that Bloomsbury is well placed to face whatever the future might bring.

Sir Richard Lambert
Non-Executive Chairman

Bloomsbury
had a very strong year.

"Our results, with profits before tax and highlighted items up 9%

demonstrate the underlying strength, resilience and further potential of our global publishing strategy. Our Academic & Professional division delivered an outstanding performance with 13% revenue growth and profit before tax and highlighted items up £3.5 million. We had an exceptional result in our Adult division, where profit before tax and highlighted items grew by £1.1 million.

...

Our strong financial position and excellent cash generation, with cash of £27.6 million and cash conversion of 128%, give us great opportunities for further acquisitions and investment in organic growth. Our proposed dividend increase of 6% delivers our 24th year of consecutive dividend growth."

Nigel Newton
Chief Executive

**“Bigger Bloomsbury
represents our seven
key growth initiatives,
announced in May 2018.
During the year, we
delivered all seven of
these initiatives...”**

Nigel Newton
Chief Executive

Strategic Report

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Chief Executive's Review

Nigel Newton

"The strategic growth initiative BDR 2020 has made Bloomsbury into a leading B2B publisher in the academic and professional information market and significantly accelerated the growth of its digital revenues."

Nigel Newton
Chief Executive

Overview

The year ended 28 February 2019 was a very strong year for Bloomsbury Group profit before tax and highlighted items increased by 9% to £14.4 million (2017/18: £13.2 million). Group profit before tax increased by 3% to £12.0 million (2017/18: £11.6 million).

Our BDR 2020 digital growth strategy is delivering well, with a 42% increase year-on-year in Academic & Professional digital resource revenues on a like-for-like basis. The range of new contracts announced during the year, including the five year contract with the ICAEW, demonstrates the potential of high quality platforms and infrastructure.

In May 2018 we acquired the academic publisher I.B. Tauris & Co. Ltd ("IBT") for £5.6 million. Of this, £4.4 million was consideration to former Shareholders for equity, and the remainder payment for pre-existing loans. This acquisition further consolidates our significant presence in humanities and social science academic publishing. IBT's complementary lists have good growth potential, especially with their inclusion within the BDR 2020 growth strategy.

Due to strong trading in the year, the management bonus was £2.3 million (2017/18: £2.3 million). The highlighted item of £2.3 million was the amortisation of acquired intangible assets (£1.7 million) and one-off restructuring costs and legal and other professional fees relating to the acquisition of IBT (£0.6 million). The effective rate of tax for the year was 23% (2017/18: 22%). The adjusted effective rate of tax, excluding highlighted items, was 21.4% (2017/18: 20.8%). Diluted earnings per share, excluding highlighted items, grew 8% to 14.97 pence (2017/18: 13.92 pence). Including highlighted items, profit before tax was £12.0 million (2017/18: £11.6 million) and diluted earnings per share was 12.25 pence (2017/18: 12.06 pence).

Bestsellers 2019

Global (print and e-book)

1	Harry Potter Box Set: The Complete Collection (Children's Paperback) J K Rowling
2	Kingdom of Ash Sarah J Maas
3	Harry Potter and the Philosopher's Stone J K. Rowling
4	Tom Kerridge's Fresh Start Tom Kerridge
5	A Court of Frost and Starlight Sarah J. Maas
6	Harry Potter and the Chamber of Secrets J K. Rowling
7	Harry Potter and the Philosopher's Stone (Illustrated Edition) J. K. Rowling illustrated by Jim Kay
8	Kitchen Confidential Anthony Bourdain
9	Norse Mythology Neil Gaiman
10	Harry Potter and the Goblet of Fire J K. Rowling

Global (e-book)

1	Kingdom of Ash Sarah J Maas
2	Kitchen Confidential Anthony Bourdain
3	A Court of Frost and Starlight Sarah J. Maas
4	Throne of Glass Sarah J Maas
5	Lost Connections Johann Hari
6	Heir of Fire Sarah J Maas
7	Crown of Midnight Sarah J. Maas
8	Tower of Dawn Sarah J Maas
9	A Court of Wings and Ruin Sarah J. Maas
10	A Court of Thorns and Roses Sarah J Maas

Note:

Rank is based on revenue.

Chief Executive's Review

Key Strategy Objectives

- * Grow Non-Consumer revenues.
 - * Diversify into Non-Consumer markets with higher margins, more predictability and more digital and global opportunities. Delivered 111% increase in Non-Consumer profit this year; and
 - * Achieve BDR 2020 revenue of £15 million and profit of £5 million for 2021/22. Delivered £6.4 million revenue, up 42% on a like-for-like basis.
- * Expand international revenues.
 - * Reduce reliance on UK market. Delivered overseas revenues of 64% of Group revenue, 2% higher than last year.
- * Grow Consumer revenues
 - * Discover, nurture, champion and retain high quality talent in our Consumer division, remaining the home of some of the world's best loved and most exciting authors, and
 - * Focus on finding excellent works and looking at new ways to leverage existing title rights, this will always be a key part of our strategy

Delivering the Bigger Bloomsbury Strategy

Bloomsbury continues to focus on quality revenues, increasing earnings and building on the strong momentum achieved over the last two years.

Our Bigger Bloomsbury initiative, announced in May 2018, focusing on our key growth drivers with targeted strategies across the Group to help grow our revenues and improve our margins over the next four years. We delivered all seven of these initiatives during the year.

- 1 Growing the profits of the Adult division.
 - * Delivered £1.1 million growth in Adult operating profit.
- 2 Growing the profits of the Academic & Professional division.
 - * Delivered £3.5 million growth in Academic & Professional operating profit
- 3 Reducing our finished goods stock further by continuing to roll out globally efficiencies already made in the UK business.
 - * Delivered a reduction in inventories of £2.0 million (8%) on a like-for-like basis, ahead of our target.
- 4 Increasing the focus on Bloomsbury's nine biggest assets, starting with Harry Potter, Sarah J. Maas and Tom Kerridge
 - * Delivered 24 bestsellers globally

- 5 Maximising the success of Bloomsbury Digital Resources 2020
 - * Delivered 42% growth in Academic & Professional BDR 2020 revenue on a like-for-like basis.
- 6 Accelerating the growth of Bloomsbury's sales in the USA, Australia and India
 - * Delivered 28% growth in India, 3% growth in the US and 1% growth in Australia (in local currency)
- 7 Developing Bloomsbury China:
 - * Delivered significant progress with two deals in negotiation.

Cash

Cash generation continued to be robust with cash at the year end of £27.6 million, up £2.2 million, and cash conversion of 128% (2017/18: 161%), excluding the IBT acquisition. Our focus on working capital continues, inventories have reduced by 8% or £2.0 million year on year, on a like-for-like basis (2018: 5% or £1.3 million). This achieves our target to reduce inventory by 5%, using constant currencies in 2018/19, excluding additions from acquisitions. Our strategic priority for cash is organic investment to grow and enhance our existing business. During the year we invested a total of £1.9 million of capital expenditure in the BDR 2020 strategy.

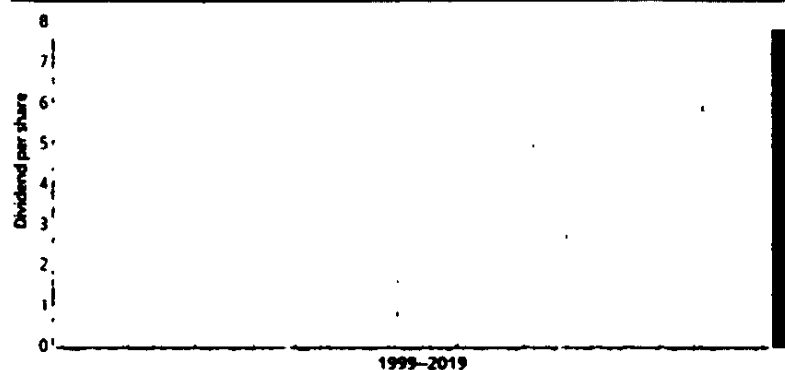
Of the £5.6 million paid for the acquisition of IBT, £5.2 million was paid in cash in the year and the balance was paid in April 2019, post year end.

Bloomsbury has a strong and successful track record in strategic acquisitions, with 14 acquisitions completed since 2008. We continue to target and assess opportunities and are increasing our dedicated M&A resource to enable us to achieve further strategic acquisitions.

Dividend

The Group has a progressive dividend policy aiming to keep dividend earnings cover in excess of two times, supported by strong cash cover. The Board has committed to maintain its progressive dividend policy on the basis that earnings cover will improve as the return on our BDR 2020 investment accrues. The Board is recommending a final dividend of 6.75 pence per share. Together with the interim dividend, this makes a total dividend for the year ended 28 February 2019 of 7.96 pence per share, a 6% increase on the 7.51 pence dividend for the year ended 28 February 2018. Subject to Shareholder approval at our AGM on 17 July 2019, the final dividend will be paid on 23 August 2019 to

Total dividend per share



Shareholders on the register on the record date of 26 July 2019. Including the proposed 2018/19 dividend, over the past 14 years the dividend has increased at a compound annual growth rate of 7.0%, and this will be the 24th consecutive year of dividend growth.

Non-Consumer Division

The Non-Consumer division consists of Academic & Professional, Special Interest and Content Services. Revenues in the division increased by 7% to £63.4 million (2017/18: £59.3 million). Within this, Academic & Professional revenues grew by 13% to £41.2 million (2017/18: £36.5 million), with 7% organic growth and £2.5 million from the acquisition of IBT. Our performance in humanities and social sciences lists was particularly strong. Operating profit before highlighted items for the Non-Consumer division increased by 111% to £3.6 million (2017/18: £1.7 million). The profit growth reflects improved Academic & Professional profitability, the £0.8 million improvement in the BDR 2020 result and the £0.4 million contribution from the acquisition of IBT, partly offset by lower Special Interest profit. The Special Interest division published the New York Times bestseller *In the Closet of the Vatican*, following the strong comparative with *The Strange Death of Europe* by Douglas Murray last year.

The strategic growth initiative BDR 2020 has made Bloomsbury into a leading B2B publisher in the academic and professional information market and significantly accelerated the growth of its digital revenues. Our BDR 2020 strategy from inception has been to acquire and license content to develop excellent digital products, and future acquisitions will continue this successful strategy.

We launched five new digital resources during the year as planned: Bloomsbury Architecture Library, Screen Studies, Bloomsbury Early Years, Bloomsbury Fashion Business Cases and Bloomsbury Applied Visual Arts Library. We have also launched new, more flexible ways for our customers to buy from us in the form of "Title by Title" acquisition and Evidence Based Acquisition models. Bloomsbury Collections contains some 6,500 backlist Bloomsbury Academic titles; we expect to grow this number by over 20% in the current year as we add titles from IBT and the British Film Institute, along with our newly expanded frontlist collections.

Chief Executive's Review

During the year we completed the following deals, which demonstrate the opportunities to further leverage content and market other services on our digital platforms and through the sales infrastructure we have developed:

- ✱ In May 2019, new content partnerships with Taylor and Francis and Human Kinetics, the world's leading sports science publisher, further leveraging our BDR 2020 development and infrastructure;
- ✱ Substantial new five year digital subscription contract with the ICAEW, announced in October 2018;
- ✱ Strategic sales partnerships with Rowman & Littlefield and Manchester University Press, announced in January 2019; and
- ✱ Content partnership with Yoox Net-A-Porter, announced in July 2018

Consumer Division

The Consumer division consists of Adult and Children's trade publishing. The Consumer division delivered revenue of £99.3 million (2017/18: £102.2 million). Operating profit before highlighted items was £10.7 million (2017/18: £11.4 million), driven by a strong performance from the Adult division.

Adult Trade

The Adult team achieved an exceptional operating profit of £0.9 million (2017/18: loss of £0.2 million), and 1% growth in revenues to £33.5 million, from success in front and backlist titles, and our successful delivery of strategic changes including our new Raven crime and thriller imprint.

Bestsellers in the year included Tom Kerridge's *Fresh Start*, number one on UK Nielsen Bookscan, the New York Times bestseller, *Women Rowing North* by Mary Pipher, *The New Silk Roads* by Peter Frankopan, *Circe* by Madeline Miller, the paperback edition of *Why I'm No Longer Talking to White People About Race* by Reni Eddo-Lodge, *Kitchen Confidential* by Anthony Bourdain, *Sea Prayer* by Khaled Hosseini and from our crime and thriller imprint, Raven Books, the Sunday Times bestseller *The Seven Deaths of Evelyn Hardcastle* by Stuart Turton.

Our authors won the most important literary awards, notably the Golden Man Booker Prize with *The English Patient* by Michael Ondaatje, the Women's Prize for Fiction with *Home Fire* by Kamila Shamsie and the Costa First Novel Award with *The Seven Deaths of Evelyn Hardcastle* by Stuart Turton.

Children's Trade

Children's sales were £65.8 million (2017/18: £69.2 million). Harry Potter's twentieth anniversary, in 2017/18, generated one of the highest levels of revenue since the initial publications, growing by 31% compared to the previous year, so we've been pleased to continue the momentum this year, with the *Illustrated Tales of Beedle the Bard* and house editions of *Harry Potter and the Chamber of Secrets*. Sales of the Harry Potter titles were 15% below last year. The standard edition of *Harry Potter and the Philosopher's Stone* was the fourth bestselling children's book of the year on UK Nielsen Bookscan, 21 years after it was first published – every year these classics reach a new generation of readers.

Excluding Harry Potter, Children's sales were 10% higher year on year. Sarah J. Maas sales continue to grow with the global number one bestseller *Kingdom of Ash*, the epic conclusion to Sarah J. Maas' #1 New York Times bestselling *Throne of Glass* series, which reached number one on the New York Times bestseller list and the UK Nielsen Bookscan TCM Children's Bestseller list. Other highlights on the Children's list included *Norse Mythology* by Neil Gaiman, *A Curse So Dark and Lonely* by Brigid Kemmerer and *The Darkdeep* by Ally Condie and Brendan Reichs.

As a testament to our strength in this area, Bloomsbury won Children's Publisher of the Year at the British Book Awards in May 2018 and at the IPG Awards in May 2019.

Employee Engagement Initiatives

We are also pleased with the strides we have taken in the last year in our strategic HR initiatives to listen to our employees more and to look after them even better. This includes our new Employee Voice meetings where each of our 700 employees worldwide is meeting in small groups with a member of the Board or Executive Committee to say how they think Bloomsbury could be a better place to work. Many changes have been introduced as a result of discussions at these Voice meetings and this is a key focus for 2019/20.

IFRS 15

During the year IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), was introduced. Adoption of this standard has not had a material impact on the Group's results, with nil net impact on revenue and a net credit to profit before tax of £0.1 million.

In the Non-Consumer division, adopting IFRS 15 has impacted the timing of recognition of certain non-subscription Perpetual Access ("PA") digital resource sales. Previously, revenue from sales of these products was recognised when the customer was granted access, under IFRS 15 a proportion of these revenues are recognised over five years. The impact of this is to defer revenue and profit from certain PA sales compared to the previous treatment. For 2018/19, the net impact on BDR 2020 revenue and profit before tax has been a reduction of £0.1 million.

Board Changes

We welcome to the Board Leslie Ann Reed, who will be joining Bloomsbury as Non-Executive Director on 17 July 2019, succeeding Jill Jones who retires from the Board on the same date. We would like to thank Jill enormously for her significant part in the governance of Bloomsbury.

Outlook

We expect to launch five further major digital resources in 2019/20 as well as creating new content modules for existing platforms. The full year of our ICAEW contract will also add value in the forthcoming year. Announced in May 2019, new content partnerships with Taylor and Francis and Human Kinetics, the world's leading sports science publisher, further leveraging our BDR 2020 development and infrastructure.

Our trade book list this year includes the illustrated version of *Harry Potter and the Goblet of Fire* by J.K. Rowling, the first in Sarah J. Maas' new *Crescent City* adult series, *House of Earth and Blood*, *The Good Thieves* by Katherine Rundell, *The Lost Tide Warriors* by Catherine Doyle, Elizabeth Gilbert's *City of Girls* and the authorised *History of GCHQ, Behind the Enigma*, by Professor John Ferris. In addition, Bloomsbury is publishing a major new cookery book with Tom Kerridge.

During 2019/20, the Group will introduce IFRS 16, Leases ("IFRS 16"). Adoption of this standard is expected to reduce the amount of rent and lease charges, increase depreciation charges and finance costs and increase the value of assets and liabilities. The net impact on profit before tax for 2019/20 is expected to be an additional £0.2 million charge.

Excluding the impact of IFRS 16, performance is in line with management expectations for 2019/20.

Bigger Bloomsbury Strategy for 2019/20

- 1 Growing the profits of the Adult division,
- 2 Growing the profits of the Academic & Professional division,
- 3 Reducing our finished goods inventory further,
- 4 Increasing the focus on Bloomsbury's nine biggest Consumer assets;
- 5 Maximising the success of Bloomsbury Digital Resources,
- 6 Accelerating the growth of Bloomsbury's sales in the USA, Australia and India,
- 7 Growing the revenues of acquisitions; and
- 8 Increase employee engagement through strategic HR initiatives.

Nigel Newton

Chief Executive

21 May 2019

Financial Review

Penny Scott-Bayfield

Penny Scott-Bayfield
Group Finance Director

Revenue

In 2019, Group revenues increased by 1% to £162.7 million (2018: £161.5 million). Revenues grew by 1% at constant currencies.

The strong 7% growth in Non-Consumer division revenues has been a significant contributor to the Group performance. This included 34% growth in Bloomsbury Digital Resources 2020 ("BDR 2020") revenues, strong underlying Academic growth and the acquisition of I.B. Tauris & Co. Ltd ("IBT"), which contributed £2.5 million of revenue for the year. Total sales in the Consumer division were 3% lower than last year, with Adult growth and a strong comparator in Children's. Growth has been achieved internationally with India up 28%, the US up 3% and Australia up 1% (growth quoted is in local currencies).

The Bloomsbury Digital Resource division ("BDR 2020") revenues grew by 34% to £6.3 million (2018: £4.7 million). Five new products were launched in the year. We are on track to achieve our target of £15 million of revenues from digital resources in the year 2022.

Revenues by territory

Revenues sold overseas grew by 2% to £104.2 million and are now 64% of total revenues.

The adjacent chart shows where Group revenues were generated for the year ended 28 February 2019.



Revenues by type

Book sales grew by 1% in the year, driven by 16% growth in digital revenues. Digital sales growth came from an 8% increase in e-book revenue and a 37% increase in other digital revenues, particularly from growth in Academic & Professional BDR 2020 revenue. Growth in e-book formats came particularly from the Adult and Children's divisions. Rights and services revenues reduced by 2% as a result of a strong prior year comparative within the Consumer division.

The adjacent chart shows the proportion of Group revenue that each product type generates.



Profit

Profit before tax and highlighted items increased 9% to £14.4 million (2018: £13.2 million). Profit before tax and highlighted items at constant currencies increased by 11% or £1.4 million to £14.6 million. Profit before tax increased to £12.0 million (2018: £11.6 million). Currency movements in the year reduced profit by £nil (2018: £1.0 million).

The key factors impacting profit year-on-year were the exceptional trading performance of the Group, most notably within the Academic & Professional and Adult divisions. The Academic & Professional profit of £3.1 million, excluding highlighted items, (2018: loss of £0.4 million) included a £0.8 million improvement in the BDR 2020 result and £0.4 million from the acquisition of IBT.

Administrative expenses excluding highlighted items were up by 4% on an underlying basis excluding the acquisition of IBT.

The operating profit margin increased year-on-year to 7.4% from 7.1%. The operating profit margin before highlighted items increased year-on-year to 8.8% from 8.1%. This was driven by the Academic & Professional performance.

Highlighted items in the year were the amortisation of acquired intangible assets of £1.7 million (2018: £1.6 million) and £0.6 million restructuring costs relating to the acquisition of the academic publisher IBT.

Interest

The net finance income was £0.1 million (2018: £0.1 million). The finance income relates mostly to bank interest.

Taxation

The tax charge of £2.8 million (2018: £2.6 million) is a reported effective rate of tax of 23.3%, higher than the reported rate of 22.1% for the prior year. Excluding the effect of highlighted items, the effective tax rate for the Group was 21.4% (2018: 20.8%).

Earnings per share

Diluted earnings per share before highlighted items were up by 8% to 14.97 pence (2018: 13.92 pence), as a result of the growth in profits. Diluted earnings per share after deducting highlighted items were up by 2% to 12.25 pence (2018: 12.06 pence). Information on distributable reserves can be found on page 140. Information on the dividend can be found in the Chief Executive's Review on page 8.

New Standards

IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers, were adopted during the year. See note 2x and 2w of the financial statements for the impact assessment of the adoption of IFRS 9 and IFRS 15.

The impact of IFRS 9 and IFRS 15 in the year is not material.

Capital structure

Our balance sheet at 28 February 2019 is summarised in the table below:

	2019 £m	2018 £m
Goodwill and acquired intangible assets	59.5	55.1
Internally generated intangible assets	7.3	6.9
Investments	0.3	0.3
Property, plant and equipment	2.1	2.1
Net deferred tax assets	–	0.1
Working capital	45.9	48.3
Other non-current assets and liabilities	1.0	1.4
Total net assets before net cash	116.1	114.2
Net cash	27.6	25.4
Total net assets	143.7	139.6

Financial Review

Net assets were £143.7 million (2018: £139.6 million) and net assets per share were 190 pence (2018: 185 pence). The main movements on the balance sheet are in goodwill, working capital and cash. Goodwill has increased following the acquisition of IBT; working capital has reduced due to the focus on improving stock efficiency, which, with higher profits, has been the main reason for the increased cash.

Both current trade and other receivables and current trade and other liabilities have increased, due to the reclassification of the provision for returns from trade receivables to trade payables. Excluding this adjustment, both have reduced. Trade and other receivables increased by 4% to £81.9 million (2018: £78.4 million). Excluding the reclassification, trade and other receivables have reduced by 5% or £4.4 million. Since books sold are generally returnable by customers, the Group makes a provision against books sold in the accounting year. The unused provision at the year end is then carried forward and offset against trade receivables in the balance sheet, in anticipation of further book returns subsequent to the year end. This provision has been reclassified from trade receivables to trade payables in 2019. A provision of £8.5 million (2018: £7.9 million) has been made for future returns relating to sales up to 28 February 2019. This provision was 16% of gross trade receivables (2018: 14%).

Inventories reduced by 2% to £26.1 million (2018: £26.7 million), which is the result of the Group's continued focus on improving stock efficiency. On a like-for-like basis, excluding the effect of acquisitions and on a constant currency basis, this reduction was 8% or £2.0 million (2018: 5% or £1.3 million). We are focused on delivering further reductions in stock in the forthcoming year.

Trade and other liabilities increased by 10% to £60.6 million (2018: £55.2 million). Excluding the reclassification of the provision for returns, trade and other payables have reduced by 5% or £3.0 million. Accruals are in line with last year at £23.1 million (2018: £23.2 million).

Cash

Cash and cash equivalents were £27.6 million (2018: £25.4 million). Cash flow conversion in the year was strong at 128% (2018: 161%). The Group has delivered further improvements to working capital management in the year, especially following the reduction in inventory.

The net cash generated from operating activities, including the effect of highlighted items, was £15.0 million (2018: £19.0 million). This movement is due to a combination of higher profits and lower reduction in working capital. Cash used in investing activities was principally the cost of internally generated intangible assets such as product and system development. Cash used for acquisitions comprised £5.2 million for the acquisition of IBT. Of this, £4.1 million was consideration to former Shareholders for equity, and the remainder payment for pre-existing obligations including loans to Shareholders and current loans. Cash used in financing mainly comprised dividend payments of £5.7 million (2018: £5.0 million).

Liquidity

The Group has an unsecured revolving credit facility with Lloyds Bank plc, with £10 million to £14 million of committed loan facility (amount dependent on time during the year to match Bloomsbury's cash flow cycle), a £2 million overdraft facility renewed annually and a £6 million uncommitted term loan facility. The loan facilities expire in May 2021. All loan facilities are subject to two covenants, being a maximum net debt to EBITDA ratio and a minimum interest cover covenant. No facilities were drawn down as at 28 February 2019 (2018: £nil). The Group's net cash position changes over the course of the year as a result of the seasonality of the business with the most significant expenses being the payment of royalties in March and September and the most significant sale receipts being in February from Christmas sales.

Acquisition of I.B. Tauris & Co. Limited ("IBT")

In May 2018, the Company acquired IBT for £5.6 million. £4.9 million was paid in cash at completion, £0.3 million was paid during the year and £0.4 million was paid in April 2019, in final settlement of working capital and other adjustments. IBT contributed £2.5 million of revenue and £0.4 million of profit for Bloomsbury Group in its financial year ending 28 February 2019.

Alternative performance measures

The Board considers it helpful to provide performance measures that it uses to assess the operating performance of the Group.

The Annual Report presents non-GAAP measures alongside the standard accounting terms prescribed by IFRS and the Companies Act, as the Board considers they would be beneficial to users.

Alternative profit measures

The Group uses adjusted profit measures to assist users in understanding operational performance. These measures exclude Income Statement items arising from significant non-cash charges and major one-off initiatives which are highlighted in the Income Statement because, in the opinion of the Directors, separate disclosure is helpful in understanding the underlying performance of the business that underpins long-term value generation. The Income Statement items that are excluded from adjusted profit measures are referred to as highlighted items.

Alternative profit measures are used by the Board and management for planning and reporting and have remained consistent with prior year. The Group's definition of adjusted performance measures may not be comparable to other similarly titled measures that are used by other companies. A reconciliation of the adjusted profit measures to their corresponding statutory reported figures can be found on the face of the Income Statement in conjunction with note 4 and note 9 on Earnings Per Share.

Both adjusted profit measures and highlighted items are presented together with statutory measures on the face of the Income Statement. Highlighted items are not a defined term under IFRS, so may not be comparable to similar terminology used in other financial statements. Details of the charges and credits presented as highlighted items are set out in note 4 to the financial statements. The basis for treating these items as highlighted is as follows.

Key Performance Indicators

Revenue growth
%

1%

2017	15
2018	13
2019	1

Adjusted PBTA
£m

£14.4m

2017	12.0
2018	13.2
2019	14.4

Digital resources
revenue growth
%

34%

2017	50
2018	20
2019	34

Adjusted operating
profit margin
%

8.8%

2017	8.4
2018	8.1
2019	8.8

Adjusted diluted EPS
pence per share

14.97p

2017	12.63
2018	13.92
2019	14.97

ROCE
%

11.0%

2017	8.2
2018	9.9
2019	11.0

Financial Review

Amortisation of acquired intangible assets

Charges for amortisation of acquired intangible assets arise from the purchase consideration of a number of separate acquisitions. These acquisitions are strategic investment decisions that took place at different times over a number of years, and so the associated amortisation does not reflect current operational performance

Other highlighted items

Other highlighted items are recorded in accordance with the Group's policy set out in note 4 of the financial statements. They arise from one-off major initiatives such that in the opinion of the Directors, separate disclosure is helpful in understanding the underlying performance of the business that underpins long-term value generation. Examples include major restructuring initiatives or legal and professional fees arising from an acquisition. In the opinion of the Directors, separate disclosure is helpful in understanding the underlying performance and future profitability of the business.

Tax related to highlighted items

The elements of the overall Group tax charge relating to the above highlighted items are also treated as adjusting. These elements of the tax charge are calculated with reference to the specific tax treatment of each individual highlighted item.

Return on capital employed

Return on capital employed is calculated as profit before tax with other highlighted items and net finance costs added back, divided by average capital employed for the last two years. Capital employed is gross assets excluding cash and cash equivalents, deferred tax assets and current tax receivables less trade and other payables.

Cash conversion

Cash conversion shows how well the Company is converting profit into cash. It is taken from the following GAAP measures.

	2019 £m	2018 £m
Cash generated from operating activities	17.5	22.0
Settlement of pre-existing acquisition liabilities	1.2	-
Adjusted cash generated from operating activities	18.7	22.0
Less: Purchase of property, plant and equipment	(0.5)	(0.3)
Less: Purchase of intangible assets	(2.9)	(2.8)
Less: Purchase of investments	-	(0.3)
Net cash generated	15.3	18.6
Operating profit	12.0	11.5
Cash conversion	128%	161%

Constant currency measures

Constant currency measures are disclosed in order to eliminate the effect of the movement in foreign exchange rates. Changes in exchange rates used to record non-sterling businesses result in a lack of comparability between periods since equivalent local currency amounts are recorded at different sterling amounts in different periods. Results using constant currencies are disclosed where they have a material impact on those numbers, enabling a better understanding of the underlying performance.

We have therefore restated the current year revenue at the prior year exchange rates on the following page. The currency adjustment is calculated by applying the monthly foreign exchange rates used in 2018 to convert the overseas revenue into sterling. This has been applied on a month-by-month basis to the 2019 revenue. This method allows better comparability given the seasonality of the business.

	Children's £'000	Adult £'000	Consumer £'000	Academic & Professional £'000	Special Interest £'000	Content Services £'000	Non- Consumer £'000	Total £'000
Group revenue 2019 – reported	65,800	33,454	99,254	41,245	21,156	1,024	63,425	162,679
Currency adjustment	584	318	902	(17)	105	(1)	87	989
2019 – currency adjusted	66,384	33,772	100,156	41,228	21,261	1,023	63,512	163,668
2018 – reported	69,150	33,071	102,221	36,517	21,308	1,464	59,289	161,510

	United Kingdom £'000	North America £'000	Australia £'000	India £'000	Total £'000
Group revenue 2019 – reported	100,959	45,846	11,586	4,288	162,679
Currency adjustment	-	28	582	379	989
2019 – currency adjusted	100,959	45,874	12,168	4,667	163,668
2018 – reported	101,321	44,481	12,087	3,621	161,510

	Children's £'000	Adult £'000	Consumer £'000	Academic & Professional £'000	Special Interest £'000	Content Services £'000	Non- Consumer £'000	Total £'000
Group operating profit 2019 – reported	9,784	891	10,675	3,131	713	(225)	3,619	14,294
Currency adjustment	82	99	181	(6)	27	3	24	205
2019 – currency adjusted	9,866	990	10,856	3,125	740	(222)	3,643	14,499
2018 – reported	11,623	(228)	11,395	(361)	2,225	(145)	1,719	13,114

Where no reconciliation is provided above for alternative performance measures, sufficient information is included in the narrative to be able to perform a reconciliation

Penny Scott-Bayfield
Group Finance Director

Group Overview

Group Strategic Summary

Bloomsbury is a global publisher of books and other media for general readers, children, students, researchers and professionals. Bloomsbury offers authors access to these multiple markets in multiple formats throughout the world: in print, through e-books, through digital downloads and apps; in schools; in libraries, in universities, and in terrestrial and internet bookshops; with entrepreneurial teams in New York, London, Oxford, New Delhi and Sydney serving all territories.

Our overall strategy is unchanged and is to grow a high-quality global publishing business delivering high value to its authors and other contributors, readers and shareholders.

We achieve this by

- * publishing authors and works of excellence and originality,
- * delivering professional services to those seeking publication,
- * combining tradition and technology to achieve excellence; and
- * establishing solid profit streams.

Area of focus	Reason for the focus
Growing Non-Consumer* revenues so that they match or exceed our Consumer revenues	Non-Consumer revenues have higher margins, are generally a more predictable revenue stream, are less reliant on the retail bookshop environment and have more digital opportunities. They are typically derived from our Academic & Professional and Content Services divisions and Education and Special Interest books.
Continuing acquisition of rights to publish outstanding works by undiscovered and established authors	Continue to attract, spot and retain high-quality talent in our Consumer division, and remain the home of some of the world's best loved and most exciting authors. While we recognise the importance of growing reliable Non-Consumer revenues, we will always strive to discover, nurture and champion brilliant Consumer talent.
Expanding internationally in English language markets	This reduces the Group's reliance on the UK market and, in particular, takes advantage of the biggest academic market worldwide in the US and the significant growth potential in India.
Creating and exploiting copyright and IP, including by licensing information databases to support major institutions and corporations	This reduces the Group's reliance on Consumer revenues and increases higher value B2B transactions.
Benefiting from the digital opportunity	This expands the markets we are in and our revenue opportunities.
Delivering excellent service to our authors	Excellent service is core to attracting and keeping our authors.

*Non-Consumer: This includes Academic & Professional, Content Services, Education and Special Interest.

The Group is organised as two worldwide publishing divisions supported by global back office functions. A review of these follows.

Group Overview

Non-Consumer

The Non-Consumer Division

The Non-Consumer division consolidates a number of Bloomsbury publishing divisions: Academic & Professional; Special Interest; Content Services and Education. A new publishing division, Bloomsbury Digital Resources, was created in May 2016 within the Academic business to focus on institutional digital resources. During the financial year 2018-2019, the division became the co-publisher of British Film Institute ("BFI") books. In May 2018, Bloomsbury purchased I.B. Tauris & Co. Limited, an academic publishing company specialising in Middle East Studies, Politics, Visual Culture and History. Both have been integrated into the Humanities and Social Sciences academic business.

The Non-Consumer division produces a large portfolio of scholarly and B2B digital resources sold direct to institutions, schools and companies round the world; a print and e-book programme of over 1,900 titles per year across humanities and social sciences, law and tax; consultancy services to corporations and institutions round the world; communities of shared interest in military history (Osprey), natural history (Helm and Poyser), Sport (through Nautical, Reeds, and Wisden), Popular Science (through Sigma), and reference (through Who's Who, Whittaker's, and www.writersandartists.co.uk)

The markets we serve

The Non-Consumer division serves the following end users

- ✱ International research community and higher education students use our books and digital resources which are accessed by academic libraries and institutions worldwide,
- ✱ Online law, accounting and tax services for UK and Eire professionals,
- ✱ Corporations and institutions worldwide looking for consultancy and publishing services,
- ✱ Niche communities of interest in sports and sports science, nautical, military history, natural history, and popular science; and
- ✱ Teachers and trainee teachers looking for content to support Continuing Professional Development and their teaching

The Bloomsbury Handbook of Electronic Literature edited by Joseph Tabbi, the winner of N. Katherine Hayles Award 2018

Jonathan Glasspool

Executive Director and Managing Director, Non-Consumer division

Jonathan Glasspool joined Bloomsbury in 1999, was appointed to the Board as Executive Director in 2015 and now oversees the development of Bloomsbury's Academic & Professional publishing business and the other Non-Consumer publishing divisions. Previous roles include being a publisher at Reed Elsevier in Singapore, Melbourne and Oxford.

He started his career at Cambridge University Press. He has an MBA with Distinction from Warwick Business School. Jonathan is also a Governor of Bath Spa University, Chair, Industry Advisory Board, Oxford Brookes Publishing Centre; Chair, Federation of British Artists, and Trustee, Publishing Training Centre.

Divisional facts

£63.4m

Revenue – Total

£15.2m

Revenue – US

£3.6m

Adjusted operating profit*

£44.8m

Revenue – UK

£3.4m

Revenue – Other territories

6%

Adjusted operating margin

* Adjusted operating profit is profit before taxation, amortisation of acquired intangible assets, restructuring costs and legal and other professional fees relating to the acquisition of IBT

Group Overview

Non-Consumer

Value generating activities	Description
Academic book publishing in print and e-book formats	Required study material for students of humanities, social sciences and applied visual arts. Mainly backlist, print and e-books, with a significant US weighting. Sold direct and through industry intermediaries.
Digital academic and B2B services	Online services sold direct to institutions worldwide, e.g. Bloomsbury Professional Online, Drama Online, Bloomsbury Collections and Bloomsbury Fashion Central. Sold direct through subscription or perpetual access.
Professional book and online information publishing	Online and print resources for business practitioners, qualified and trainee solicitors, barristers, accountants and tax practitioners, sold direct through subscription and perpetual access.
Publishing services	Range of end-to-end publishing and content services, digital and print, provided direct to corporations and organisations.
Consultancy and management services	Provided to non-publishers to advise on, implement and manage publishing strategy and projects.
Books, games and special interest digital resources	Specialist content and services for a range of niche communities of interest. Content is sold direct through websites and through retail intermediaries.
Books and online resources for teachers	Content for teachers and trainee teachers.

Strategy for growth

Growing the division via direct sales to institutions such as law firms, accountancy practices, tax practitioners, and higher education libraries worldwide rather than via traditional third party retailers.

Increasing investment in repeat purchase, digital services for professional, student and educational use rather than print products.

Bolt-on acquisitions that strengthen already-strong lists.

Expanding divisional sales in international markets.

Strategic goals

Growing institutional subscription revenues internationally, especially North America.

Growing revenues from digital-only products and services to £15 million revenue and £5 million profit by 2022.

Expanding number of revenue streams from non-book sources.

Creating rich content and compelling services for niche communities of special interest.

Examples of the recent Non-Consumer prizes and awards

Independent Publishers Guild Digital Publishing Award 2018 (joint winner)

Richard A. Meade Award for Research in English Language Arts Education. The Award is administered by the National Council of Teachers of English in the United States and recognises published research-based work that promotes English Language Arts teacher development at any educational level and in any scope and setting (winning publication).

British Book Design and Production Awards 2018 (winner of Brand/Series Identity Category). The Awards promote and celebrate the excellence and craftsmanship of the British book design and production industry and are administered by the British Printing Industries Federation (BPIF), in partnership with Oxford Brookes University and The Publishers Association.

The N. Katherine Hayles Award for Criticism of Electronic Literature 2018 (winner). The Award is administered by the Electronic Literature Organisation and honours the best work of criticism of electronic literature of any length.

The 2018 Stationer's Company Innovation Excellence Award (winner of the Creative Means of Communicating with Target Audiences Category)

Olivier Award – best new comedy: *Labour of Love* at Noel Coward Theatre by James Graham

2018 Inner Temple Book Prize (Main Prize and New Author's Prize)

2019 British Book Awards (administered by the Bookseller) Academic, Educational and Professional Publisher of the Year (shortlisted)

Group Overview

Consumer

The Consumer Division

The Consumer publishing division publishes books for both adult and child readers. It publishes around 600 new titles per year and these books are published in print and e-formats under the following imprints: Bloomsbury Absolute, Bloomsbury Activity Books, Bloomsbury Children's Books, Bloomsbury Circus, Bloomsbury Publishing and the newly launched Raven Books

The division publishes cookery, fiction and non-fiction titles on our Adult Trade list – and activity books, fiction, non-fiction, picture books and preschool titles on our Children's Trade list. Our main publishing operations are based in London and New York and coordinated by experienced editorial and publishing managers so that authors and their works are supported throughout the world.

Known for the quality and the prize-winning calibre of the list, we publish authors such as George Saunders, Madeleine Miller, Kamila Shamsie, Peter Frankopan and Khaled Hosseini on our Adult Trade list, Stuart Turtton on our Raven Books imprint, and Neil Gaiman, Sarah J. Maas, J.K. Rowling and Brigid Kemmerer on our Children's Trade list.

The markets we serve

Our publishing serves the global bookshop and online retail market, in print, audio and e-books. The UK market is the largest market based on divisional sales.

How sales out of UK bookshops have changed during January to December 2018

	Total bookshop market		Bloomsbury bookshop market	
	Value	Volume	Value	Volume
Children's Trade	0.03%	-0.57%	-9.27%	-4.11%
Adult Trade – non-fiction	4.31%	1.81%	18.63%	22.82%
Adult Trade – fiction	1.06%	-0.71%	30.71%	56.20%
Overall	2.35%	0.26%	7.51%	11.76%

Data taken from Nielsen Bookscan UK Total Consumer Market

Emma Hopkin Managing Director, Consumer division

Emma is responsible for all Consumer publishing. She joined Bloomsbury in 2011 to run the Children's business and was promoted in 2016 following a Company restructure. Previously she was Managing Director of Macmillan Children's Books. She also held sales and marketing roles at Houghton Mifflin, Pan Macmillan and Routledge.

Divisional facts

£99.3m

Revenue – Total

£56.1m

Revenue – UK

£30.7m

Revenue – US

£12.5m

Revenue –
Other territories

£9.0m

Revenue –
e-books only worldwide

£10.7m

Adjusted
operating profit*

11%

Adjusted operating margin

*Adjusted operating profit is profit before taxation, amortisation of acquired intangible assets, restructuring costs and legal and other professional fees relating to the acquisition of IBT

Group Overview

Consumer

Value generating activities	Description
Children's Trade publishing	Activity books, fiction, non-fiction, picture books, preschool books in print, audio and e-formats
Harry Potter publishing	J.K. Rowling's children's novels
Adult Trade best-selling fiction	High volume publications in print and digital formats
Adult Trade non-fiction	Biography, food and drink, history, memoir, popular science and popular psychology

Strategy for growth

Growing the list by focused and global acquisition of titles

Better exploitation of the backlist

Growing and building brands by winning major literary prizes, winning slots in retail promotions and gaining exceptional media coverage and TV/film tie-ins

Ensuring strategic sales and marketing planning is in place for established and new brands

Attracting talent to the list by providing excellent author care

Strategic goals

Growing Adult Trade market share in UK and US

Continuing to grow Children's Trade market share in UK and US

Listing on The New York Times bestsellers and Sunday Times charts

Focus on audio publishing

Examples of recent prizes and awards

Adult Trade division

US winners	UK winners
2019 Windham-Campbell Prize in Fiction: <i>Brother</i> by David Chanandry	2018 Women's Prize for Fiction: <i>Home Fire</i> by Kamila Shamsie
2017-2018 New York City Book Award: <i>Going into Town</i> by Roz Chast	The Golden Man Booker Prize: <i>The English Patient</i> by Michael Ondaatje
2019 AAAS/Subaru SB&F Prize for Excellence in Science Books in the Young Adult category: <i>Built</i> by Roma Agrawal	Costa First Novel Prize and Books Are My Bag Readers Award for best debut novel: <i>The Seven Deaths of Evelyn Hardcastle</i> by Stuart Turton
Richard Wall Memorial Award: <i>Hitler in Los Angeles</i> by Steven J. Ross	
2018 Olof Palme Prize: <i>The Domsday Machine</i> by Daniel Ellsberg	
Heyday Lifetime Achievement Award: Daniel Ellsberg for <i>The Domsday Machine</i>	

Design awards

Winner of British Design and Production Award for Brand/Series Identity: *Eat Like A Local* title series

Winner of 2018 DB&AD Award for Non-Fiction Trade Cover Design

Shortlisted for the British Design and Production Awards in the Fiction and Non-Fiction categories for *Sing, Unbuned, Sing* by Jesmyn Ward and *A Line in the River* by Jamal Mahjoub

Shortlisted for the DB&AD Award for *Shadowless* by Hasan Ali Toptas (SciFi/Fantasy) and *Alias Grace* by Margaret Atwood (for Classics/Reissues)

Shortlistings of note

2019 Women's Prize for Fiction: *Circe* by Madeleine Miller

2019 PEN/Galbraith Award for Non-fiction finalist: *One Person, No Vore* by Carol Anderson

2018 Los Angeles Times Book Prize finalist in the history category: *The Browns of California* by Miriam Pawel

2019 Inaugural Royal Society of Literature Christopher Bland Prize: *The House on Half Moon Street* by Alex Reeve

Children's Trade division

US winners	UK winners
Goodreads Choice Awards Winner – Young Adult Fantasy: <i>Kingdom of Ash</i> by Sarah J. Maas (fourth consecutive year as winner of this award)	Winner of the 2019 IPG (Independent Publishers Guild) Awards for Children's Publisher of the Year and Education Publisher of the Year
ALA YALSA 2019 Award Best Fiction for Young Adult List: <i>When Light Left Us</i> by Leah Thomas	Winner of the 2018 Costa Children's Book Award and the 2018 FCBG (Federation of Children's Book Groups) Children's Book Award: <i>The Explorer</i> by Katherine Rundell
ALA YALSA 2019 Award Quick Picks for Reluctant Readers List: <i>Moonrise</i> by Sarah Crossan	Winner of the 2018 An Post Irish Book Award for Young Adult Book of the Year: <i>The Weight of a Thousand Feathers</i> by Brian Conaghan
	2018 Books Are My Bag Readers Award (Winner of Young Readers – Middle Grade Award): <i>The Storm Keeper's Island</i> by Catherine Doyle
	Overall winner of 2018 Sheffield Children's Book Award: <i>We Come Apart</i> by Sarah Crossan and Brian Conaghan

Shortlistings of note

Irish Book Awards: *The Wren Hunt* by Mary Watson and *The Storm Keeper's Island* by Catherine Doyle

Oscar's Book Prize: *Ruby's Worry* by Tom Percival and *Baby's First Bank Heist* by Jim Whalley and Stephen Collins

Group Overview

Group Functions

Under the One Global Bloomsbury structure, the process driven Group functions are service providers to the global publishing divisions and are key to the internal control framework of the business. The following provides an outline of the main Group functions and the interplay with the business model

Strategy for growth	Description of service to the Group	Contribution to strategic aims
Sales and Marketing Kathleen Farrar is Group Sales and Marketing Director and joined Bloomsbury in 1998. She began her publishing career in Sydney, Australia, and has held various senior sales and marketing roles.	Provide sales and marketing services to the Group across print, e-books and digital platforms. Manage marketing budgets to maximise marketing spend return on investment across the Group. Deliver profitable sales across retail and wholesale channels.	Manage Group sales and marketing campaigns and deliver global sales and marketing KPIs Provide professional and excellent author care across all divisions. Maximise profits from all sales channels and regularly review pricing in print and digital to increase net revenue
Production Louise Cameron is Group Production Director and joined Bloomsbury through the acquisition of Continuum International Publishing in 2011. She began her career in publishing in 1988 and has held various senior production and editorial roles.	Cost-efficient on-time delivery of high-quality print and digital product for sale globally. Production-editorial operations: design, documentation and management	Margin optimisation through Group-based tender processes for pre-press, manufacturing and freight, and through efficient operations Support of digital publishing strategy through design and management of XML-first workflows, with allied future proofing of content and IP storage
Finance, Technology and Internal Audit Penny Scott-Bayfield is Group Finance Director and is also responsible for technology and internal audit (see Board biographical details).	Provide finance and royalty administration services to the Group Provide information, communication and technology services to the Group, across back office and customer-facing systems. Evaluate, implement and test internal controls in connection with effective risk management	Transaction processing, good quality financial reporting and business planning to support decision-making across Bloomsbury. Improve author care through excellent royalty services Deliver digital platforms to grow digital revenues in line with Bloomsbury 2020 digital resource growth strategy Provide technology services across the Group to support business strategy

Kathleen Farrar
Group Sales and Marketing Director

Louise Cameron
Group Production Director

Risk Factors

Outlined in the table starting on page 27 is a description of risk factors that management considers are relevant to the Group's business. Not all the factors are within management's control and other factors besides those listed below could also affect the Group. Actions being taken by management to mitigate risk factors should be considered in conjunction with the cautionary statement to Shareholders in the Directors' Report on page 45 with regards to forward-looking statements. Details on financial risk management are given in note 24.

Viability statement

Provision C.2.2 of the UK Corporate Governance Code requires the Directors to assess the viability of the Group over a period significantly longer than 12 months from the date the financial statements are approved. The directors confirm that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity.

The Group prepares five-year plans for each of the global publishing divisions and for the Group. As well as the existing backlist titles, the projections for the first three years of the plan are based on the future title, online platform and other income pipelines. There is inherently less certainty in years four and five.

The Board therefore concludes that three years is an appropriate period for the viability statement.

The Group's principal risks (see below) and its approach to managing them have been taken into account for the purposes of assessing viability, both in connection with the period covered by the viability statement and longer term. The Board believes the key risks to viability are primarily:

- * volatility of book sales for the consumer market including, but not limited to, the risk of a major high street retailer going out of business;
- * the increasing importance of internet retailing;
- * volatility of rights and services deals;
- * changes that might occur to the digital book market;
- * erosion of copyright;
- * volatility of paper material costs; and
- * risks associated with Brexit, principally the impact on the cost of overseas printing of UK-originated titles and the impact on supply chains.

We have developed plausible downside scenarios for each of these risk areas and quantified the impact on the Group's revenue, profit and cash for each one. We have evaluated all the principal risks below and focused our sensitivity analysis on the key risks.

Individual and multiple scenarios were overlaid on our three-year projections. Through this analysis, the Board concludes that the Group does not face a risk to longer term viability except in the event of remote combinations of material events. The analysis took account of the Group's current funding, forecast requirements and existing committed borrowing facilities.

Based on this assessment, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 28 February 2022.

It is also important to bear in mind the quantum of Intellectual Property ("IP") which the Group holds and how that impacts the viability assessment. Bloomsbury owns easily transferable IP assets that can be broken up into any number of combinations that it could sell, were a catastrophic risk failure to occur.

Bloomsbury business model

Our strategy

The Group's mission is to continue to grow a high-quality global publishing business delivering value and prosperity to its authors, employees and Shareholders. The Group Overview section of the Annual Report includes information on our strategy, which has evolved to address the risks faced by the Group. The Corporate Responsibility section gives information on how we take account of social and environmental matters when implementing our strategy.

Overview of Bloomsbury's processes

Bloomsbury is an independent publisher and has been listed on the Main Market of the London Stock Exchange since 1994. Over a period of 33 years the business has built up a substantial body of publishing rights.

Risk Factors

The Group is structured as fully integrated worldwide publishing divisions under a global brand supported by centralised sales, marketing, production and head office functions (this structure is named "One Global Bloomsbury"). Each publishing division reports to the Chief Executive. The Group encourages each publishing division to develop and grow diversified income streams. Each division has the capability to publish books in all formats but may also produce other products such as online content accessible through subscription. Each division may also use its expertise to provide publishing-related services to clients.

Book publishing

Book publishing (printed books, audio and e-books) is the main activity of Bloomsbury. This generates two core income streams: content sales (books and digital platforms) and rights sales.

In competition with other publishers, Bloomsbury's commissioning editors acquire the IP rights to publish the works of authors. Ultimately, the authors and their literary agents control which rights each publisher acquires. Bloomsbury focuses on publishing worldwide in English but it also acquires an assortment of other rights which it may license to other publishers as considered appropriate, thus generating a separate rights sales income stream. When it makes financial sense, Bloomsbury also sells the publishing rights to titles in its extensive backlist, e.g. for a book in a series published by another publisher which is valuable to them to complete the series.

Bloomsbury sells its own books typically through online retailers such as Amazon, through bookshops, through supermarkets and direct to customers.

Bloomsbury's global production function produces books in all formats. Bloomsbury has produced e-books and audio books since 2005 and as an early adopter benefited from the worldwide growth in e-book sales. Printed books that are sold through retail outlets are normally sold on a sale-or-return basis. The Group does not print its own books but subcontracts the printing, warehouse storage and distribution of printed books to a number of long-term global partners.

Positioning the business

Bloomsbury is a cash generative business and has enjoyed the benefit of publishing many bestselling titles over a prolonged period. Bloomsbury has balanced its core consumer book publishing business with academic and professional publishing. This addresses a number of risks:

Long-term growth potential, less sales volatility and higher margins: The demand for academic and professional books is more regular which reduces the volatility of book sales compared to consumer book sales.

Barriers to entry: Since acquiring Methuen Drama in 2006, Bloomsbury has continuously invested in growing its academic publishing business through organic growth and acquisitions of publishing businesses, lists of academic books and online databases. The time, cost and expertise required to build up an academic publisher acts as a barrier to entry for significant new competitors.

Exploiting intellectual property: Bloomsbury is developing innovative academic online products which are sold under annual subscriptions or on a perpetual access basis and which exploit the Group's content assets and expertise, and

Lower risk: Academic publishing acquisitions require lower advances to authors.

Growth in emerging markets

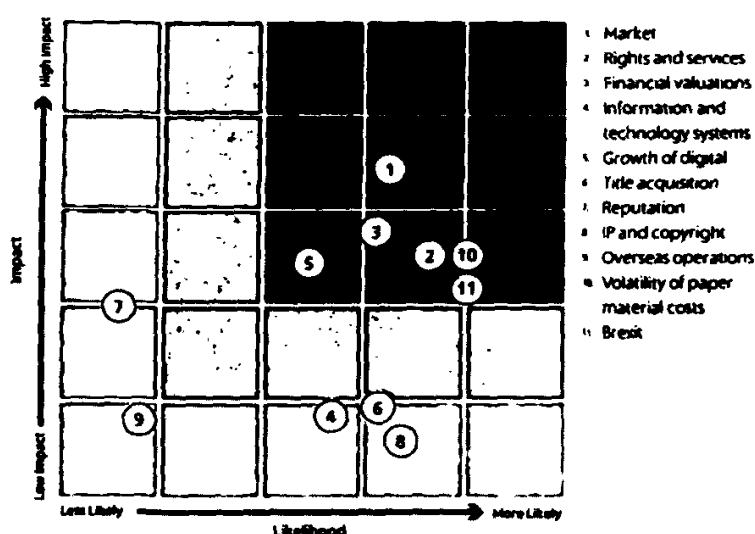
India has one of the world's largest English-speaking populations and an increasing number of highly educated readers of English. Bloomsbury has a growing publishing business in India that publishes the works of local talented authors in addition to the works of Bloomsbury authors with works originally published in the UK and the US.

Risk Management and Internal Control Framework

Bloomsbury's risk management and internal control processes are explained in the Audit Committee section of the Corporate Governance Report on page 50.

Principal Risks

The table below provides a description of risk factors that management considers relevant to the Group's business. Other factors besides those listed could also affect the Group. The risks are illustrated schematically in the following chart:



During the financial year ended 28 February 2019, the Principal Risks have not changed substantially, save that the volatility of paper material costs and Brexit have been added as Principal Risks.

Key area	Risk	Description	Mitigation
1. Market	Volatility of consumer book sales	Sales of books to the consumer market can be seasonal and volatile.	Develop special interest, academic and professional publishing where revenues are less volatile. Develop other revenue streams, including from rights and services, increasing the scope to enter annually renewing agreements
	Increased dependence on internet retailing	Readers might not discover, and so buy, Bloomsbury's print and e-books sold through internet retailers who may control discoverability	Grow expert marketing teams skilled in internet sales. Engage with multiple internet retailers. Increase focus on developing other marketing opportunities and other revenue streams, e.g. Academic & Professional digital products, rights and services
2. Rights and services	Dependence on timing of closing rights and services deals	The timing for completing high margin rights and services deals can depend on the performance by multiple parties including the main customer	Increase the number of rights and services deals to reduce the dependency on individual deals
	Generating new/non-renewal of subscription and services agreements	The pipeline of new products and agreements might be uneven A customer or partner might not renew larger agreements that generate significant ongoing income	Increase the portfolio of products and agreements to grow income and reduce the dependency on individual agreements Senior managers are responsible for ensuring strong performance by Bloomsbury of its obligations and strong customer care.
	Entrepreneurial risk	A deal may require upfront staff time and costs but fail to close, resulting in lost investment.	Similar to ordinary publishing risks, increase the portfolio of deals to leverage economies of scale and reduce volatility.
3. Financial valuations	Judgemental valuation of assets and provisions	Significant assets and provisions in the balance sheet depend on judgemental assumptions, e.g. goodwill, advances, intangible rights, inventory and returns provisions	Consistent and evidence-based approach to assumptions Board approval of key assumptions Rigorous audit of valuations.
4. Information and technology systems	Productivity of IT systems and data	Continuing to improve staff efficiency depends on the IT systems and data keeping pace with the needs of the business	Board level representation on steering IT strategy, implementation and IT operations
	Cybersecurity	Unauthorised access could be made to Bloomsbury's systems to perpetrate a fraud or cause damage.	Clear responsibility for systems, increasing use of the cloud, monitoring security risks, internal control reviews of the systems and up-to-date anti-virus software are amongst the measures in place.

Risk Factors

Key area	Risk	Description	Mitigation
5. Growth of digital	Digital development	Unforeseen hold-ups may delay development of new online content services and revenue for the services may not grow in line with our stretching targets.	Develop high-quality online content services in markets we understand well Standardise the digital delivery platform to simplify and speed up the development and implementation of new online content services.
	Development of the digital book market	Consumer e-book prices may not hold up in the longer term. Possible emergence of not yet known reading technology	Continue to supply books in all formats through multiple digital delivery systems aligned with the demands of readers Ensure the Group is positioned to take advantage of e-book and audio book (or any new format) growth in international markets. Use social media and other digital marketing to encourage direct sales to consumers. Develop Non-Consumer offering where revenues are less volatile and there is a direct relationship with the customers.
	Rise of alternative book supply arrangements	US readers may license books from retailers for a limited period at a lower cost to buying books, with no revenues or royalty paid to the publisher.	Develop digital platforms to deliver, on a subscription basis, the content that readers demand
6. Title acquisition	High advances sought by agents	Agents seek high advances for some authors.	Publish more special interest trade books
	World rights not acquired	Agents prefer to split territorial rights for English language publishing between US and UK	Focus acquisition on titles where world English rights are available. Concentrate on academic publishing where world rights are the norm
7. Reputation	Product and service quality	Errors in books and digital content	Careful selection and rigorous review of titles by broad teams of experienced publishers, and planning of the title pipeline to focus on publishing strengths Rigorous production procedures and planning of titles and digital resource content.
	Information security	Being hacked and theft of intellectual property, e.g. key illustrations before publication	Security awareness in teams and additional security measures to protect high value assets and data
	Investor confidence	City confidence undermined by events outside of Bloomsbury's control, e.g. collapse of a retailer	Diversify the portfolio of products and services to reduce dependencies on individual customers, sales channels and markets.

Key area	Risk	Description	Mitigation
8. IP and copyright	Erosion of copyright	Erosion of traditional copyrights. Erosion of territorial copyrights as a result of global internet retailing. Open access.	Continue policy of support for copyright and intellectual property rights as a fundamental facet of publishing Continue to police infringements of the Group's territorial copyrights and take appropriate action to enforce such rights. Develop digital services that deliver mixed open access and proprietary content in the form that customers demand and will continue to pay for
	Piracy	Piracy of titles in print or digital form.	Adopt robust anti-piracy policies. Ensure good digital rights management protection of e-books and digital formats. Participate in key industry anti-piracy initiatives.
9. Overseas operations	Overseas offices	Growing offices in the US, India and Australia may increase the operational risks and demands on management.	One Global Bloomsbury structure of global publishing divisions supported by Group functions provides an effective internal control framework and oversight of the overseas offices. Keep under review the management resources deployed within this structure as the business evolves
10. Volatility of paper material costs	Increased production costs	A contracting print market and increases to the costs of paper around the world due to various factors including increased regulation may result in higher production costs for the Group. See also below for the potential impact of Brexit on the costs of paper materials	Provision for production variances are factored into the Group's budget at the beginning of each fiscal year The Group's contracts with its printers typically fix prices for printing work for a period of time, and include provisions to control the extent to which increases in the costs of paper may be passed on to the Group
11. Brexit	Impact on the cost of paper materials	Falls in the value of sterling may result in increased production costs due to increases in the costs of paper sourced by the Group's printers	The Group's contracts with its printers typically fix prices for printing work for a period of time, and include provisions to control the extent to which increases in the costs of paper may be passed on to the Group Production costs are paid by the Group in a mix of local and foreign currencies and falls in sterling will not impact on all production costs
	Impact on supply chains and ensuing delays in delivering product to market	Disruptions to the supply chain may impact on sales if the delivery of product is delayed. Logistics costs may increase as a result of measures taken to counter delays and as a result of increased complexities surrounding the movement of goods across the UK/EU border	Measures to mitigate the risk of disruption to supply chains include building in additional time to production schedules and placing orders for additional paper supplies with Bloomsbury's printers

Corporate Responsibility

The following section provides an outline of Bloomsbury's work as a good corporate citizen

Our literary heart

Bloomsbury's core business is the worldwide publication of literature and information for readers of all ages, which has a high social value. The Group has a significant beneficial social impact globally through sales of e-books and print books and access to online resources that are embraced by adults and children in all walks of life.

Our ethos

We aim for integrity in all our activities, consider our impact on society and the environment and maintain high ethical standards. This is key to our commercial success and ability to deliver good returns to our Shareholders, which depends on attracting and retaining talented authors who want us to publish them and on books for which there is a significant demand.

The Board recognises that the achievements of the Group have depended upon the high standards of social responsibility demonstrated by the Directors and employees for more than 30 years. The Board aims to take account of the relevant social, environmental and ethical issues and associated risks and opportunities to the Group's short-term and long-term value.

We aim to engage with and contribute to our key communities, whether outside Bloomsbury (local communities and partners) or inside Bloomsbury (our colleagues) in ways that will create a positive impact upon those communities and will support Bloomsbury's ongoing success.

The Group is mindful of the impact of its activities on the environment and the Board has implemented annual reviews, as separate items on the agenda, to consider the environmental impact of the Group's business.

Engagement outside Bloomsbury

Bloomsbury has a significant direct beneficial impact on the community through its activities. Our publishing teams share a common passion for promoting the enjoyment of reading and high-quality literature that is often cutting edge and provides new authors with opportunities to establish themselves. We have a substantial Children's division focused on promoting literacy for young readers of all abilities and ages, including specialist ranges for "Hi-Low" pupils (high age, low attainment) which provide parents and teachers with the tools needed to engage their children in reading.

In addition to our direct commercial activities and with a focus mainly on promoting literature, literacy and education, we actively support numerous organisations worldwide including schools, universities, libraries and other good causes and charities. We also encourage the spare time involvement of staff worldwide in supporting good causes and in the promotion of literature, literacy and education. These voluntary activities by employees are often directly or indirectly assisted by the business and by Bloomsbury colleagues. The following examples illustrate the range of Bloomsbury's support and support by its employees for good causes worldwide.

Corporate donating

- * Bloomsbury has adopted the National Literacy Trust ("NLT"), a charity dedicated to giving disadvantaged children the literacy skills they need to succeed and to improving reading, writing, speaking and listening skills in the UK's poorest communities, as its house charity. This year, reflecting the Company's strong profit performance, we have made a donation of £10,000 to the NLT and will work with them to support activities aimed at developing literacy in Hastings, one of the ten worst cities in the UK for adult and child working class literacy (more information about Bloomsbury's support of the NLT is set out in the Corporate Volunteering section below).
- * A further sum of £12,457 has been set aside for donations to appropriate organisations in the US, Australia and India, the beneficiaries of which will be chosen over the coming months.
- * In August 2018 Bloomsbury published *Sea Prayer*, a powerful book by Khaled Hosseini in response to the current refugee crisis. By donating £1 per every copy sold to UNHCR – the UN refugee agency – Bloomsbury has raised over £100,000 in support of UNHCR's activities caring for refugees around the world.
- * We support good causes that promote literacy and literature, e.g. we are a sponsor and partner with World Book Day, which was established by UNESCO to promote reading amongst children and adults, and our US office has provided sponsorship to a number of non-profit groups involved in the promotion of literacy, human rights and the freedom of expression, including PEN America, The Center for Fiction, the National Coalition Against Censorship, and Literacy Partners.
- * Our Australian office supports the Indigenous Literacy Foundation (the national charity of the Australian Book Industry which aims to address the literacy gap arising in remote indigenous communities across Australia and reduce the disadvantage experienced by children in such communities across Australia) ("ILF") with fundraising and time given for administrative support. During the year Bloomsbury's Australia office made a modest donation to ILF, to match funds donated by Bloomsbury employees.

* Our US, UK and Australia offices donate, or provide at a reduced cost, a substantial quantity of books and games each year, which includes donations of mainstream titles to schools, libraries and organisations supporting education, e.g. our US office donated over 300,000 children's books to the Soho Center that promotes quality childcare nationally with a special focus on children's literacy, school readiness, and school success and our UK office donated 20,000 educational books to Book Aid International. Our Australia office has donated books to the Children's Book Council of Australia. Other donations of books and Osprey games worldwide have been to good causes not related to literature and education such as Barnardo's, Oxfam, the Red Cross, the Salvation Army and smaller organisations local to our offices worldwide.

* The Bloomsbury Institute (Bloomsbury's own public events series) has organised events to support the Book Aid International, Womankind, British Dyslexia Association and Mothers2Mothers charities. It also regularly hosts collaborative events that involve donating a portion of profits to both established and emerging literary organisations and their patrons. For example, in 2018, the Institute held sold-out events in collaboration with the London Library and Cambridge University Libraries.

Corporate volunteering and educational development

* As stated in the Corporate Donating Section, Bloomsbury has adopted the NLT as its house charity and will work with the NLT to support outreach activities aimed at improving literacy in Hastings in support of the NLT's Get Hastings Reading initiative. We hope to send up to one hundred Bloomsbury colleagues to Hastings for a day to volunteer with local schools and libraries. Bloomsbury authors Greg James and Chris Smith (authors of *Kid Normal*) have recently participated at a book event in Hastings to which children throughout Hastings were invited, and we plan to arrange many further author events in the future to support the Get Hastings Reading initiative.

* We have sponsored achievement prizes for students within US and UK universities, invite students to visit us for presentations on working in publishing and support careers fairs for students to promote publishing as a career.

* Bloomsbury's Chief Executive is President of Book Aid International that gifts approximately 500,000 books a year to libraries in Africa.

* Jonathan Glasspool, one of Bloomsbury's Executive Directors, is Senior Independent Governor at Bath Spa University, as well as Chair of Federation of British Arts. Both organisations have a substantial education remit in the creative arts.

Corporate Responsibility

Staff volunteering

- * A significant number of our employees worldwide, both through a Bloomsbury coordinator and privately, are involved in formal volunteer reading schemes and regularly attend schools in the UK and the US. These provide supervised reading support to young readers, often from disadvantaged backgrounds where their opportunities to develop reading skills may be hindered
- * Bloomsbury employees attend schools and colleges to give talks that have included on careers, such as in digital publishing and IT, and on reading skills required in the workplace. They have also assisted young people with interview practice, career mentoring and school magazines. They are unpaid public speakers at presentations, have published articles and hosted discussions on publishing topics and are volunteers for literary festivals and societies for young publishers. Bloomsbury employees also support primary schools, e.g. giving classroom talks on writing.
- * Many employees worldwide are involved in their local communities typically promoting literacy, literature and education, such as by sitting on committees, as governors of schools, by supporting special interest groups and as trustees and supporters of publishing industry and arts voluntary organisations, e.g. a UK employee is a trustee of a book trade charity; and US employees support various organisations such as a not-for-profit bookstore helping the homeless and in the fight against HIV and AIDS. An employee in our Australia office has for many years been a volunteer at ILF, mentioned in the Corporate Donating section, donating an hour each week at ILF's head office to support ILF outreach initiatives and fundraising activities
- * The main Board Directors commit significant spare time outside of work to book-related charities, not-for-profit organisations and higher education

In our offices worldwide the employees volunteer regularly to assist good causes unrelated to publishing, e.g. in the UK they are Samaritans and worldwide they provide spare time support for homeless, sick and vulnerably housed adults and children

Staff donating

Bloomsbury employees worldwide often call on their colleagues for fundraising sponsorship such as with marathons, cake sales and many other employee-inspired activities. For example, an employee in the UK office climbed Everest Base Camp for Cancer Research UK with a large proportion of the funds raised donated by Bloomsbury employees. Our offices will put up teams to participate in events, e.g. Bloomsbury's netball team raises money for good causes and charities; our US office participates in a food drive for hunger by donating canned goods and non-perishables to the Food Bank of New York City; and groups of employees arrange visits to charity centres at Christmas to sing carols.

Engagement within Bloomsbury

Bloomsbury is a people business, and the success of our business is in large part driven by the expertise, passion and commitment of our workforce. Our colleagues are a key asset of the business and our employment policies are directed at creating a workplace that attracts, motivates, develops and retains high calibre employees.

We promote a supportive and inclusive culture that fosters diversity and encourages professional development, active participation and the exchange of ideas.

During the year, the Group instigated a wide range of strategic HR initiatives directed at further promoting this culture and creating a rewarding work environment and ongoing professional opportunities for colleagues. These initiatives are reflected in the Group's employment policies and practices set out below but include:

- * conducting a global Employee Engagement Survey across all offices to understand and improve the employee experience. Following the completion of the survey, individual focus groups have been established to address key issues arising out of the survey;
- * the implementation of an employee voice forum programme, allowing every employee to have their voice heard directly by senior management and the Board;
- * the formation of a diversity and inclusion focus group;
- * the introduction of ongoing training in unconscious bias, equality and diversity to reinforce Bloomsbury's culture of equal treatment of all employees;
- * the expansion of the provision of training, mentoring and employee development programmes for early and mid-career employees to provide them with opportunities to grow their leadership and management capabilities so that they are equipped to progress in their careers;
- * the provision of executive coaching for women in senior leadership positions;
- * the introduction of Core Hours (9.30 am to 4.00 pm) working in order to allow employees to choose a working pattern which suits them;
- * the introduction of Summer Hours to support more flexible working by enabling employees to finish work early on Fridays over the summer months; and
- * the implementation of a global Employee Assistance Programme to support employee well-being and mental health. This service is provided by an independent company and provides all employees with free, confidential access to counselling and support for work issues and personal issues.

Diversity

We have a diverse workforce and management team led by a gender diverse Board. The majority of senior managers and employees worldwide in the Group are women. As at 28 February 2019 the number of employees by each gender is

	Female	Male
All employees of the Group ¹	506 (71%)	209 (29%)
Senior managers of the Group ²	5	3
Directors of the Group Parent Company	2	5

¹ Excludes workers who are freelance consultants and temps.

² Includes the heads of publishing divisions, Group functions and country heads who are not Executive Directors on the parent Company Board.

In the UK, the government introduced regulations designed to help address the gender pay gap. Bloomsbury has provided information on its gender pay gap in the UK (see http://www.bloomsbury-ir.co.uk/archives/governance/Bloomsbury_Gender_Pay_Gap_2018.pdf). We have benchmarked our Gender Pay Gap against the publishing industry and will continue to identify best practices that can reduce the pay gap.

The Board, supported by the Nomination Committee, oversees the diversity and inclusion initiatives across the Group and is committed to developing a strong and diverse talent pipeline in connection with effective succession planning. The Board receives regular updates on strategic HR initiatives across the Group with a view to ensuring that the strategies in place are effective in promoting a culture that upholds Bloomsbury's principles of inclusion, diversity and equality.

Employment KPIs

The senior management team monitors staff-related KPIs (e.g. joiners and leavers) but the Group does not disclose all of these for commercial reasons that are in the interests of the Shareholders.

Employees and human rights

Supported by territory heads of human resources, the managing directors of the publishing divisions, the heads of each Group function and managing directors of regional offices have responsibility for the employment matters (including human rights) of their teams. The Chief Executive has overall Board-level responsibility for employment matters. For example, where employment matters have a Group-wide impact or cannot be resolved at a lower level in the business then they may be referred to the Chief Executive.

Corporate Responsibility

Key features of the Group's employment policies and practices are:

- * **Openness:** Bloomsbury provides a good degree of openness and transparency on its activities and performance through information provided to employees. Employees are kept updated frequently on sales, book releases, project achievements, internal newsletters, corporate news and feedback from external media and other sources. The Bloomsbury Institute arranges regular events, which enable staff to meet authors. Weekly and other regular team meetings and internal annual conferences bring employees together from across the Group's worldwide sites allowing colleagues to formally and informally share information about the business and develop strong working relationships.
- * **Engagement:** We promote a friendly collegiate culture in which employees are encouraged to discuss their concerns and issues with their line managers and senior colleagues. The senior management team meets frequently to discuss employee matters and is supported by regular operational meetings attended by managers covering all of the Group's worldwide sites. During the year, we introduced an employee voice forum programme, to ensure that every employee has the opportunity to share their views with senior management and the Board.
- * **Ethical behaviour:** We expect employees, Directors, subcontractors and others to exercise the highest ethical standards at all times in respect of the relationships and dealings that Bloomsbury has with other third parties. Compliance with ethical behaviour Group policies such as for anti-bribery and corruption, dealing in Bloomsbury shares and anti-slavery and human trafficking is an employment term of Group employment contracts. Bloomsbury's Whistleblower policy (at www.bloomsbury-ir.co.uk) enables employees, other categories of workers and third parties to have any concerns relating to the Group confidentially addressed.
- * **Employee development:** Bloomsbury is acquisitive and has benefited from an intake of high calibre entrepreneurs who support the Group's capacity to innovate. The Group develops its management structure to serve the changing needs of the business. This creates opportunities for suitably high calibre individuals to progress to increasing levels of seniority as they gain capabilities and expertise. External recruitment is supported by territorial Human Resources functions, enabling vacancies across sites worldwide to be filled internally where employees of an appropriately high calibre seek new opportunities. Bloomsbury continues to expand the provision of training, mentoring and employee development programmes to provide employees with opportunities to grow their leadership and management capabilities.
- * **Performance and merit:** Senior employees agree personal objectives and are rewarded based on performance determined by business results and appraisals. Senior managers are accountable for the performance of their teams and determine the most appropriate approach to performance management for each team. Promotions and external recruitment are based on merit and ensure that the most suitable person is selected for each position.
- * **Employee participation in share schemes:** The Group offers UK employees the opportunity to participate in an all-employee HM Revenue & Customs approved Sharesave scheme to encourage employee participation in the performance and growth of the Group. High performing senior managers may also be eligible to participate in the Company's Long Term Incentive Plan.
- * **Flexible working:** We encourage family-friendly working practices such as flexible working hours and recognise that experienced employees returning to work following maternity, paternity or other career breaks are an asset. We have introduced Core Hours Working to encourage and support flexible working patterns.
- * **Equality of opportunity:** Bloomsbury has a diverse workforce and follows a policy that no employee or other person receives more or less favourable treatment on the grounds of gender, sexual orientation, colour, race and ethnic origin, nationality, religion, disability or age. This extends to any person known to be HIV positive. The Human Resources function monitors compliance with the policy and with applicable legislative requirements to ensure the equality of opportunity in the recruitment, selection and promotion of employees. Grievance and disciplinary procedures protect employees from discriminatory behaviours and attitudes.
- * **Disabled persons:** Group policy is to offer equal treatment in respect of the recruitment, training, career development and promotion of disabled persons. Should people become disabled during the course of their employment, the Group will seek to retain their services and to provide retraining where necessary.
- * **Human rights:** Bloomsbury is committed to meeting its responsibility to respect human rights. The regional Human Resources managers monitor for human rights issues and ensure any remedial action that is needed is taken promptly. Bloomsbury is committed to complying with employment and other legislation applicable to the locations in which it employs people, ensuring the human rights of individuals are protected.

Health and safety

Bloomsbury's Facilities Manager reporting to the Chief Executive in respect of Health and Safety ("H&S") heads an H&S team that ensures Group-wide compliance with H&S policy. At least annually, the main Board and senior team review H&S including risks assessments, developments and incident reports. The H&S team works closely with management and employees to ensure that the H&S policy is effectively communicated, implemented and maintained across the business. Managers of the worldwide sites are accountable for ensuring their areas of the business are in compliance with H&S policy.

The Group maintains H&S risk assessments and accident books for all its locations worldwide (including where there is no local legal requirement to do so) and staff are encouraged to report all accidents or near misses.

During the year there were no serious injuries, fatalities or reportable incidents. Accidents have typically included infrequent bumps and scalds from hot drinks associated with the office environment.

Our relationship with the environment

Bloomsbury is mindful of its relationship with the environment and takes its environmental responsibilities seriously. We aim to reduce the environmental impact of our business wherever possible.

The Executive Committee (which consists of the Executive Directors and the managing directors of the publishing divisions and Group functions) have responsibility for environmental matters of their teams. These people report to the Chief Executive who has overall Board level responsibility for environmental matters and issues.

The impact on the environment of our business predominantly arises from the activities the Group subcontracts to its suppliers including the printing, production, distribution, recycling and disposal of printed books. Bloomsbury also has office-based editorial, product development, sales and administrative activities, which operate through an employee workforce based at offices in the UK, the US (New York), India (New Delhi) and Australia (Sydney).

We employ specialist independent external advisers, Trucost, to monitor our impact on the environment. Key areas where we are active in reducing the direct and indirect environmental impact of the business include:

Print on demand: Changes in technology and the print supplier base are increasingly making it economic to print books at the time and in the quantity needed for sale rather than bulk printing and holding as warehouse stock. This reduces the CO₂ generated by pulping, recycling and transporting unsold books.

Online publishing and e-formats: Our strategy embraces digital publishing and the potential benefits this may bring to the environment.

Book manufacture: We are committed to reducing the environmental impact of our products and to controlling the materials used to produce them. To that end, we work only with Forestry Stewardship Council ("FSC") and the Programme for the Endorsement of Forest Certification ("PEFC") accredited suppliers, and we use FSC materials for over 90% of the Group's output. Where FSC-accredited materials are not available we specify alternatives from known and reputable sources. We make regular trips to suppliers' factories to monitor their recycling and other locally relevant environmental initiatives. These visits also provide an opportunity to view employment practices at first hand, including employee minimum age and working conditions. Other required accreditations to act as a supplier to the Group are ISO 9001 and ISO 14001. Where the manufacture/handling of novelty items is involved, e.g. on our Children's and Games lists, we require The International Council of Toy Industries ("ICTI") accreditation.

Building and office facilities: Most of our employees travel to work by public transport and we support part-time and homeworking. We provide bicycle storage for staff who ride to work. For most employees we have implemented separate recycling bins for different waste materials so that a significant proportion of our office waste is recycled. Lights are generally fitted with motion detectors and our office policy is to turn off lights out of hours when not in use.

We have previously taken advice from the Carbon Trust and continue to apply their recommendations to reduce our carbon footprint. For example, we use point-of-use instead of bottled water coolers, fit energy efficient lamps, ensure heating systems are regularly maintained and programmed efficiently and turn off unnecessary electrical equipment out of hours, amongst other measures.

Greenhouse gases

Our independent external adviser, Trucost, has calculated the tables overleaf based on data we have provided. We report on our waste production and greenhouse gas emissions aligning with the 2006 Government Guidelines; Environmental Key Performance Indicators: Reporting Guidelines for UK Businesses. In respect of greenhouse gases, we report consumption of natural gas, vehicle fuel and electricity in kWh, converted to CO₂e following the protocols provided by the Department for Environment, Food and Rural Affairs ("DEFRA"). Emissions have been categorised against the Greenhouse Gas Protocol scopes of reporting. This information is unaudited and is shown in the tables on pages 36 and 37.

Environmental targets

We aim to beat the greenhouse gas and waste production normalised tonnes per £million revenue averaged for the previous two years. By setting such a target we are focused on continuously increasing our efficiency at using natural resources.

During the year the business beat its target for the overall level of emissions of CO₂ and waste production from our offices worldwide, although there was an increase in total Scope 1 Greenhouse gas emissions and waste production in comparison with the preceding year. Analysis of the reasons for this increase indicates that it arose from the following factors:

- * This year, fuel oil was included in reporting for Bloomsbury's US office for the first time. In addition, colder weather during the relevant period than in the preceding year resulted in more heating being used across Bloomsbury's UK offices.
- * Data submitted in respect of Company cars for the preceding year was incomplete (covering only a six month period); the increase in emissions in the year can be attributed to an increase in the scope of coverage with data being provided for the full year.
- * An increase in the number of employees of approximately 11% on the preceding year; and
- * Better data becoming available in respect of landfill waste generated by Bloomsbury's Australian office and a move within that office from occupying two floors to one, generating increased waste in the form of furniture and furniture packaging.

The increase in water consumption in comparison with the preceding year is lower than the proportional increase in staff referred to above, thus indicating a reduction in usage intensity.

Our direct operations are predominantly office-based and have been independently assessed as having a low impact on the environment. The Group's consumption of natural resources, although relatively minor, is significantly impacted by ambient weather conditions beyond our control and by the buildings we lease.

Corporate Responsibility

Previously published 2018 data has been updated to allow for an improved estimation methodology

Greenhouse Gas Emissions: Scope 1

Greenhouse Gases	Definition	Data Source and Calculation Methods	Quantity			
			Absolute Tonnes CO ₂ e		Normalised Tonnes CO ₂ e per £m Revenue	
			2018/2019	2017/2018	2018/2019	2017/2018
Stationary fuel use	Emissions from natural gas and diesel consumption in utility boilers.	Annual consumption in kWh collected from fuel bills, converted according to DEFRA guidelines for the London head office. Data scaled up by number of employees to estimate emissions for Haywards Heath, Dublin and Edinburgh serviced offices. Natural gas was not used in US, India and Australia offices. This year India office has diesel consumption in utility boilers and US office has fuel oil consumption. A new office at Salem Road, London is added this year for analysis	46	33	0.3	0.2
Refrigerants	Emissions from refrigerant leakage	Refrigerant R410A used in US office in 2018/2019 financial year, however, no record kept of losses	-	-	0.0	0.0
Company cars	Emissions from petrol and diesel consumption	Annual consumption in litres calculated from fuel bills for the UK and India. Converted according to DEFRA guidelines. There are no company cars in Australia and the US offices.	35	16	0.2	0.1
Total Scope 1			81	49	0.5	0.3

Greenhouse Gas Emissions: Scope 2

Greenhouse Gases	Definition	Data Source and Calculation Methods	Quantity			
			Absolute Tonnes CO ₂ e		Normalised Tonnes CO ₂ e per £m Revenue	
			2018/2019	2017/2018	2018/2019	2017/2018
Electricity use – location-based emissions	Greenhouse gas emissions resulting from electricity purchased	Annual consumption of directly purchased electricity in kWh collected for the London, Alton, Haywards Heath, Oxford, US, Australia and India offices. Data scaled up by the number of employees to estimate emissions for the operations in the rest of UK offices. kWh data converted to emissions according to DEFRA, EPA and IEA guidelines	314	361	1.9	2.2
Electricity use – market-based emissions	Market-based emission for purchased electricity	Calculated by using purchased electricity data in kWh and residual mixes for UK and US. For India and Australia, average grid emission factors are used from IEA as no residual emissions are yet determined by governments in these countries	382	378	2.4	2.3
Total Scope 2			314	361	1.9	2.2

Other Environmental Indicators

Water	Definition	Data Source and Calculation Methods	Quantity			
			Absolute Cubic Metres		Normalised Cubic Metres per £m Revenue	
			2018/2019	2017/2018	2018/2019	2017/2018
Water consumption	Directly purchased water	Annual volume of water purchased provided for London, Oxford and India offices. Disclosed UK data was scaled up using number of employees to estimate water consumption in the rest of UK, US and Australia offices	7,196	6,830	44	42

Waste	Definition	Data Source and Calculation Methods	Quantity			
			Absolute Tonnes		Normalised Tonnes per £m Revenue	
			2018/2019	2017/2018	2018/2019	2017/2018
Landfill	General office waste (which includes a mixture of paper, card, wood, plastics and metals) sent to landfill sites	Annual quantity of waste generated in London offices, Oxford and India are provided. UK disclosed data scaled up to estimate quantity for operations in the rest of UK, US and Australia offices.	74.99	67.21	0.46	0.42
Recycled	General office waste sent to recycling facilities	Annual quantity of waste generated in London offices, Oxford and India are provided. UK disclosed data scaled up to estimate quantity for operations in the rest of UK, US and Australia offices.	57.96	61.36	0.36	0.38

Our mission

Our purpose and focus is to be an entrepreneurial, independent publisher of works of excellence and originality, increasing value to our shareholders.

Our values

Quality publishing - We will ensure Bloomsbury is entrepreneurial, innovative and independently minded in its publishing

Ethical dealing - We will act honestly and fairly in dealings with our colleagues and others and respect the environment.

Culture - We will foster a collaborative culture that is respectful and inclusive of our colleagues and encourages productive contribution from them.

Prosperity - To achieve our mission, we will seek to enhance prosperity for Bloomsbury staff, authors and stakeholders.

In other words, let's be great publishers. Let's be really proud of everything we publish as we bring some of the world's best writing to readers - informing, entertaining, teaching - and celebrating our shared humanity.

“The Board is working to ensure that the Company reviews and updates as necessary its corporate governance arrangements to promote a corporate culture that is aligned with the Company’s purpose and business strategy, promotes integrity and values diversity.”

Governance

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Board of Directors

Chairman

Sir Richard Lambert Non-Executive Chairman

Sir Richard Lambert joined the Bloomsbury Board as an Independent Non-Executive Director in July 2017. He was appointed as Chairman of the Board, Chair of the Nomination Committee and a member of the Remuneration Committee on joining. Sir Richard is Chairman of the British Museum. He is also a member of the Board of the Institute for Government and the Advisory Board of The Centre for European Reform. Sir Richard joined the Financial Times after reading history at Balliol College, Oxford. He was editor of the Lex column, became New York bureau chief, and thereafter deputy editor. He was Editor of the Financial Times from 1991 to 2001. He has served as a member of the Bank of England Monetary Policy Committee from 2003 to 2006, Director General of the CBI from 2006 to 2011, interim Chairman of The Banking Standards Review Council from 2013 to 2014, Chancellor of the University of Warwick from 2008 to 2016 and the senior independent member of the Foreign and Commonwealth Office's Supervisory Board from 2012 to 2017.

Board Officer

Maya Abu-Deeb General Counsel and Company Secretary

Maya Abu-Deeb is a qualified solicitor and joined Bloomsbury in 2008. Maya is responsible for all legal advice to the Company, and manages the legal and contracts teams at Bloomsbury. She is also Company Secretary and Group Data Protection Officer. Prior to joining Bloomsbury Maya was in private practice for ten years, specialising in commercial, media and intellectual property law, and advising in respect of both contentious and non-contentious matters.

Maya read Oriental Studies at St John's College, Oxford, before completing the Common Professional Exam and Legal Practice Course at the College of Law in London.

Executive Directors

Nigel Newton Founder and Chief Executive

Nigel Newton was born and raised in San Francisco. He read English at Cambridge. After working at Macmillan Publishers, he joined Sidgwick & Jackson. He left Sidgwick in 1986 to start Bloomsbury. Bloomsbury floated on The London Stock Exchange in 1994 and has grown organically and through acquisitions and partnerships. Bloomsbury publishes 2,500 books a year from its offices in the UK, US, India and Australia.

Nigel Newton serves as President of Book Aid International, a member of the Man Booker Prize Advisory Committee and a member of the US-UK Fulbright Commission. He is Chairman Emeritus of the Charleston Trust, past Chair of the British Library Trust, past Chair of World Book Day (2006), past member of the Publishers Association Council and Member of the Advisory Committee of Cambridge University Library.

Jonathan Glasspool Executive Director

Jonathan Glasspool was appointed to the Bloomsbury Board in July 2015. He joined Bloomsbury in 1999 and is Managing Director of Bloomsbury's Academic & Professional publishing division. He is responsible for Bloomsbury's Special Interest publishing and for Bloomsbury India. Jonathan is Chair of the Industry Advisory Board at Oxford Brookes University, a Trustee of Publishing Training Centre (until July 2019), a member of the Academic & Professional Board of the Publishers Association, Chair of Federation of British Artists and Senior Independent Governor of Bath Spa University. He has held roles in publishing with Reed Elsevier in the UK and Asia, the Chartered Management Institute, and Cambridge University Press. Jonathan has a first class degree in English from Trinity College, Oxford, a Master's in English from Bristol University and an MBA with Distinction from Warwick Business School.

Penny Scott-Bayfield Finance Director

Penny Scott-Bayfield was appointed to the Bloomsbury Board in July 2018, when she joined Bloomsbury as Group Finance Director. Prior to this, she was Finance Director of Conde Nast Britain, and held senior finance roles at Sky Plc and lastminute.com plc. She started her career and qualified as Chartered Accountant (FCA) with Deloitte. Penny Scott-Bayfield has a first class degree in Maths from University College, Durham, and has been a judge on the 'Women of the Future' programme since 2011.

Non-Executive Directors

John Warren

Senior Independent Director
Chair of the Audit Committee

John Warren joined the Bloomsbury Board in July 2015 and is the Senior Independent Director, the Chair of the Audit Committee and the member with recent and relevant financial experience. He is a Chartered Accountant (FCA) and has a wealth of non-executive and audit committee chairmanship experience with companies including Rexam Plc, Spectris plc, Welsh Water, Greencore Group plc, 4imprint Group plc and Bovis Homes Group PLC. As an executive director he was Group Finance Director of WH Smith PLC and before that United Biscuits (Holdings) Plc.

Jill Jones

Independent Non-Executive Director
Chair of the Remuneration Committee

Jill Jones joined the Bloomsbury Board in July 2013 and is the Chair of the Remuneration Committee. She was Managing Director of McGraw-Hill Education, Europe, Middle East and Africa, until 2016, and from 2008 until 2012 she was President and CEO (EMEA) of Cengage Learning EMEA, a leading digital information and print services global provider for teaching, learning and research solutions. Before this, she held positions in Pearson Education, Thomson Learning, Longman and Prentice Hall. Jill has worked in Higher Education and Schools textbook and revision publishing, English Language Teaching and reference publishing including the development of large electronic and primary source material databases. She is a former Council Member of the Publishers Association and former Chair of the Academic Publishers group at the Publishers Association. Jill holds a BA Hons First Class (Geography) from University College London, and a Postgraduate Certificate in e-business from the University of British Columbia, Canada.

Steven Hall

Independent Non-Executive Director

Steven Hall joined the Bloomsbury Board in March 2017. He is managing director of IOP Publishing, a leading publisher of scientific books, journals and websites, and has worked in academic publishing for more than 40 years. He has extensive experience of digital publishing and has led the development of pioneering online content databases. He is a member of the Academic Publishers Council of the UK Publishers Association and regularly represents the publishing industry to government and policymakers in the UK and overseas. He served for six years on the board of the International Association of STM Publishers, in his final year as chair, and was one of three publisher members of the UK's "Finch" group.

Membership of Board Committees

Committee		Membership	
Board	Sir Richard Lambert	Chairman of the Board	18 July 2017
	Nigel Newton	Chief Executive	11 May 1986
	Richard Charkin	Executive Director	1 October 2007
	Wendy Pallot	Finance Director	8 April 2011
	Penny Scott-Bayfield	Finance Director	16 July 2018
	Jonathan Glasspool	Executive Director	23 July 2015
	Jill Jones	Independent Non-Executive Director	23 July 2013
	John Warren	Senior Independent Director	23 July 2015
	Steven Hall	Independent Non-Executive Director	1 March 2017
Audit Committee	John Warren	Chair of the Committee	23 July 2015
	Jill Jones		23 July 2013
	Steven Hall		1 March 2017
Remuneration Committee	Jill Jones	Chair of the Committee	23 July 2013
	Sir Richard Lambert		18 July 2017
	Steven Hall		18 July 2018
	John Warren		23 July 2015
Nomination Committee	Sir Richard Lambert	Chair of the Committee	18 July 2017
	Nigel Newton		20 September 2014
	Jill Jones		23 July 2013
	John Warren		23 July 2015
	Steven Hall		1 March 2017

Directors' Report

The Directors present their report and the audited financial statements for Bloomsbury Publishing Plc and its subsidiary companies (the "Group") for the year ended 28 February 2019. Bloomsbury Publishing Plc is a company incorporated in England and Wales, company number 01984336, with its principal place of business and registered office at 50 Bedford Square, London WC1B 3DP. Bloomsbury Publishing Plc is a premium listed company on the Main Market of the London Stock Exchange subject to the Listing Rules and Disclosure and Transparency Rules of the Financial Conduct Authority.

Strategic Report

In accordance with the Companies Act 2006, the Strategic Report on pages 5 to 37 provides a fair review of the Group's business and a description of the principal risks and uncertainties facing the Group. It contains information on the Group's performance, business model and strategy. A summary of the Group's corporate responsibility activities is contained in the Corporate Responsibility section.

Overseas activities

The Group has overseas subsidiaries that are based and operate in North America, Australia and India. These subsidiaries allow locally employed teams to deliver services locally to authors and customers. Employees from all Bloomsbury offices can be involved in business development and travel to various countries worldwide.

Results

The Financial Review on page 12 sets out the Group's profit before tax and highlighted items, revenue and profit before tax along with other Key Performance Indicators. Profit after tax for the Group's operations for the year was £9.2 million (2018: £9.1 million).

The Directors recommend a final dividend of 6.75 pence (2018: 6.36 pence) per share payable on 23 August 2019 to Shareholders on the register on the record date of 26 July 2019. The dividends paid and proposed by the Company for the year ended 28 February 2019 and year ended 28 February 2018 are as follows.

Dividend	Dividend per share	Total dividend	Record date	Paid/payable date
2019 Final (proposed)	6.75p	£5.1m	26 July 2019	23 Aug 2019
2019 Interim	1.21p	£0.9m	2 Nov 2018	29 Nov 2018
Total	7.96p	£6.0m		
2018 Final	6.36p	£4.7m	27 July 2018	24 Aug 2018
2018 Interim	1.15p	£0.9m	3 Nov 2017	30 Nov 2017
Total	7.51p	£5.6m		

Directors

The names of the Directors as at the date of this report, together with biographical details, are set out in the Board of Directors section on page 40. The Directors serving on the Board of the Company during the year were as follows.

	Date appointed in the year (if applicable)	Date resigned in the year (if applicable)
Non-Executive Chairman		
Sir Richard Lambert	-	-
Independent Non-Executive Directors		
Jill Jones	-	-
John Warren	-	-
Steven Hall	-	-
Executive Directors		
Nigel Newton	-	-
Richard Charkin	-	31 May 2018
Wendy Pallot	-	16 July 2018
Penny Scott-Bayfield	16 July 2018	-
Jonathan Glasspool	-	-

Details of Directors' service contracts and Directors' interests in shares, awards and options are shown in the Directors' Remuneration Report. Other than as disclosed in that Report, none of the Directors held any interest, either during or at the end of the financial year in any material contract or arrangement with the Company or any subsidiary undertaking. The terms under which Directors' contracts may terminate are described in the Directors' Remuneration Report on pages 60 to 61. This includes details of any arrangement by which the Company would pay compensation to its Directors for loss of office, for loss of employment or would make payments in respect of a change of control of the Company. During the year two Executive Directors left the Company and details of their treatment upon doing so are included in that Report.

Company policy is to appoint Directors to the Board on the recommendation of the Nomination Committee. This may be as part of the progressive refreshing of the Board, to reappoint a Director retiring by rotation, to fill a vacancy arising as a result of a retiring Director or as part of measures taken to enhance the skills, experience, capability and balance of the Board.

In 2016, the Board agreed that all Directors would stand for annual re-election and this is now required under the 2018 revision of the Corporate Governance Code. Accordingly, the Chairman on behalf of the Board, confirms that each Director proposed for re-election at the 2019 Annual General Meeting ("AGM") continues to contribute effectively and demonstrate commitment to the role (including commitment of time for Board and Committee meetings and any other duties). In addition, the Board believes that each such Director is important to the long-term success of the Company.

At the 2019 AGM, Jill Jones, a Non-Executive Director and current Chair of the Remuneration Committee, will not stand for re-election. Leslie-Ann Reed will stand for election as a Non-Executive Director and her biography is given at page 50 under the report of the Nomination Committee.

Directors' indemnities and insurance

In accordance with the Articles, the Company may indemnify the Directors to the extent permitted by law in respect of liabilities incurred as a result of their office. The Articles permit the Company to purchase insurance for its Directors and it has maintained insurance throughout the year for its Directors and Officer (the Company Secretary) against the consequences of any actions brought against them in relation to their duties.

Director conflicts of interest

Procedures are in place to ensure compliance with the Directors' conflict of interest duties set out in the Companies Act 2006. These procedures have been complied with during the year and the Board considers that these procedures operate effectively. Details of any new potential or actual conflicts must be submitted to the Board for consideration at the start of each meeting. These may be approved or the Director may be asked, where appropriate, to withdraw from any consideration of a matter where a potential or actual conflict exists. Authorised conflicts or potential conflict matters are reviewed by the Board on a regular basis.

Charitable and political donations

In addition to the significant sums raised for the benefit of UNHCR through sales of Sea Prayer by Khaled Hosseini as set out in the Corporate Responsibility section of the Strategic Report, the Group made charitable donations of £25,800 in respect of the year (2018: £24,390). Details of the non-cash support given by the charitable and voluntary activities of the Company are as set out in the Corporate Responsibility section.

No political donations were made by the Group during the current or previous year.

Financial instruments

Details of financial risk management are given in note 24.

Share capital and rights attaching to the Company's shares

The share capital of the Company comprises a single class of ordinary 1.25 pence shares ("Ordinary shares"). During the year the Company made no new allotment of shares, nor were any cancelled. Share movements during the year are therefore as follows.

	Fully paid Ordinary shares in issue
As at 1 March 2018	75,328,570
Movement during the year	-
As at 28 February 2019	75,328,570

As at the date of this Directors' Report, there were 75,328,570 fully paid up issued shares, all listed on the London Stock Exchange. The Directors are authorised to issue up to a further 25,107,012 Ordinary shares until the earlier of the date of next AGM of the Company, currently 17 July 2019, or 17 October 2019 should the date of the 2019 AGM be delayed for any reason.

Details of the issued share capital can be found in note 21.

No Ordinary shares carry special rights with regard to control of the Company. At a General Meeting of the Company every member has one vote on a show of hands and, on a poll, one vote for each share held. The Notice of General Meeting specifies deadlines for exercising voting rights either by proxy or by being present in person in relation to resolutions to be passed at a general meeting.

Under the Articles, any share in the Company may be issued with such rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination, as the Directors may determine).

No Shareholder is, unless the Board decides otherwise, entitled to attend or vote either personally or by proxy at a general meeting or to exercise any other rights conferred by being a Shareholder if he or she or any person with an interest in shares has been sent a notice under section 793 of the Companies Act 2006 (which confers upon public companies the power to require information with respect to interests in their voting shares) and he or she or any interested person failed to supply the Company with the information requested within 14 days after delivery of that notice. The Board may also decide to apply to the court for an order under section 794 of the Companies Act 2006 so that no dividend is payable in respect of those default shares and that no transfer of any default shares shall be registered. These restrictions end seven days after receipt by the Company of a notice of an approved transfer of the shares or all the information required by the relevant section 793 notice, whichever is earlier.

The Directors may refuse to register any transfer which is not a fully paid share, although such discretion may not be exercised in a way which the Financial Conduct Authority ("FCA") regards as preventing dealing in the shares of that class from taking place on an open and proper basis. The Directors may likewise refuse any transfer of a share in favour of more than four persons jointly.

The Company is not aware of any other restrictions in the transfer of Ordinary shares in the Company other than certain restrictions that may, from time to time, be imposed by laws and regulations.

The Company is not aware of any agreements between Shareholders that may result in restrictions on the transfer of the securities or voting rights.

Directors' Report

Share dilution

In respect of dilution limits, the Company adheres to the "Investment Association Principles of Remuneration" issued in November 2018. In particular:

- * The rules of the Company's Long Term Investment Plan ("LTIP") scheme ensure that:
 - commitments to issue new shares or reissue treasury shares under executive (discretionary) schemes do not exceed 5% of the issued Ordinary share capital of the Company (adjusted for share issuance and cancellation) in any rolling ten-year period; and
 - commitments to issue new shares or reissue treasury shares, when aggregated with awards under all of the Company's other schemes, do not exceed 10% of the issued Ordinary share capital (adjusted for share issuance and cancellation) in any rolling ten-year period.
- * The Remuneration Committee ensures that appropriate policies regarding flow-rates exist in order to spread the potential issue of new shares over the life of relevant schemes so that the limit is not breached

The Bloomsbury Employee Benefit Trust may purchase shares in the market to be used for satisfying vested LTIP awards and other employee share options. Further details are given below.

Authorities to purchase shares, to allot shares and pre-emption rights

The Notice of the 2019 Annual General Meeting and explanatory foreword set out:

- * an ordinary resolution renewing the authority for the Directors to allot shares under section 551 of the Companies Act 2006;
- * special resolutions renewing the authority given to the Directors to disapply statutory pre-emption rights under section 571 of that Act to allow shares to be issued for cash or treasury shares to be sold for cash on a non-pre-emptive basis, and
- * a special resolution renewing the authority given to the Directors to purchase the Company's own shares on the stock market.

Employee Benefit Trust

The Bloomsbury Employee Benefit Trust ("EBT") may purchase shares in the market to be used for satisfying LTIP awards and other employee share options that vest. During the year the EBT held Ordinary shares of 1.25 pence in the Company as follows:

	Fully paid Ordinary shares held by EBT
As at 1 March 2018	651,011
Released to satisfy vesting of awards	150,303
As at 28 February 2019	500,708

As at 28 February 2019 and up to the signing of the report, the EBT held 500,708 Ordinary shares of 1.25 pence in the Company being less than 0.7% of the issued Ordinary share capital. The Trustee may vote on shares held by the EBT at its discretion, but waives its right to a dividend.

Share purchases of own shares

During the year, the Company made no purchases of its own shares.

As at the date of signing of this report, the Company had been notified of the following interests of 3% or more in the issued share capital of the Company.

	Ordinary shares number million	% issued shares ¹
Institution		
JO Hambro Capital Management Ltd	7.1	9.5
Liontrust Investment Partnership LLP	6.9	9.2
Majedie Asset Management Ltd	4.5	6.5
Cannacord Genuity Group Inc	4.1	5.4
Charles Stanley & Co plc	3.8	5.2
Standard Life Investment (Holdings) Ltd	2.9	3.8

¹ Based on 75,328,570 issued shares.

Changes of control

The Group has established close relationships over a long period within the publishing markets in which it operates. It relies heavily on its goodwill and reputation and in particular on its reputation as an autonomous independent publisher with authors, customers and key employees that could be affected by a change of control.

The Company's share incentive schemes (see note 22 for further details of the share incentive schemes) contain provisions relating to a change of control of the Company following a takeover bid. Under these provisions, a change of control of the Company would normally be a vesting event, facilitating the exercise of awards, typically subject to the discretion of the Remuneration Committee.

Contracts and arrangements essential to the business

The Group has a diverse base of authors, customers and general suppliers so that its dependency on any one individual author, customer or supplier is reduced. Primarily for printed books, the Group develops longer term relationships with a reduced number of business partners, printers and distributors to maximise process efficiencies and economies of scale. Failure of a main supplier could temporarily disrupt the supply of books to market or result in increased cost of working whilst alternative arrangements are made.

The Group depends on its reputation which strongly influences authors and customers in their selection of publisher.

Future developments

The Group intends to continue to develop its range of publishing businesses and services. Although the primary focus of the Group is on organic growth, acquisitions in these areas of business will be considered.

Cautionary statement

Under s417 of the Companies Act 2006, a company's directors' report is required, among other matters, to contain a fair review by the directors of the group's business through a balanced and comprehensive analysis of the development and performance of the business of the Group and the position of the Group at the period end, consistent with the size and complexity of the business.

The Directors' Report together with all sections incorporated into it by reference has been prepared only for the Shareholders of the Company. Its sole purpose and use is to assist Shareholders to exercise their governance rights. In particular, the Directors' Report has not been audited or otherwise independently verified. The Company and its Directors and employees are not responsible for any other purpose or use or to any other person in relation to the Directors' Report.

The Directors' Report contains indications of likely future developments and other forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the sectors, countries and business divisions in which the Group operates.

These factors include, but are not limited to, those discussed in the Risk Factors section. These and other factors could adversely affect the Group's results, strategy and prospects. Forward-looking statements involve risks, uncertainties and assumptions. They relate to events and or depend on circumstances in the future that could cause actual results and outcomes to differ materially from those currently anticipated. No obligation is assumed to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Auditor

a) Reappointment of the Auditor

A resolution to reappoint KPMG LLP as Auditor will be proposed at the forthcoming AGM.

b) Statement as to disclosure of information to the Auditor

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the Auditor is unaware. The Directors have each confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.

Directors' Report

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs as adopted by the EU") and applicable law and have elected to prepare the parent Company financial statements on the same basis.

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 Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable, relevant and reliable;
- * state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- * assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- * use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, www.bloomsbury-ir.co.uk. Legislation in the United Kingdom ("UK") governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Safe harbour

Under the Companies Act 2006, a safe harbour limits the liability of Directors in respect of statements in and omissions from the Strategic Report and the Directors' Report. Pages 1 to 145 of the Annual Report, and the front and back covers to the Annual Report, are included within the Directors' Report by reference and so are included within the safe harbour.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge

- * the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- * the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position and performance, business model and strategy.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Strategic Report and Directors' Report were approved by the Board on 21 May 2019.

By order of the Board

Maya Abu-Deeb
General Counsel and Company Secretary

MAYA ABUDEEB

Corporate Governance

The Board takes its responsibility to achieve sound governance of the Bloomsbury Group seriously and continuously maintains high standards of corporate governance that focus on serving the interests of the Shareholders.

Confirmation of compliance with the Code

The UK Corporate Governance Code edition issued April 2016 (the "Code") is published on the Financial Reporting Council's ("FRC") website (www.frc.org.uk). The Company has complied fully throughout the year with the provisions of the Code in addition to the Listing Rules of the Financial Conduct Authority.

In July 2018, the FRC published the UK Corporate Governance Code 2018 (the "2018 Code"), which applies to accounting periods beginning on or after 1 January 2019. For the current financial year commencing 1 March 2019, the Board is working to ensure that the Company reviews and updates as necessary its corporate governance arrangements to promote a corporate culture that is aligned with the Company purpose and business strategy, promotes integrity and values diversity in line with the developments in the 2018 Code.

The following sections provide information on how the Company has applied the Code principles and adhered to Code provisions.

Board and the Directors

Board effectiveness

The Board is responsible to the Shareholders for ensuring that the Company is appropriately managed and that it achieves its objectives. The Board determines the strategy for the Group and sets and monitors targets for the management team to achieve the strategy.

The Board comprises the Non-Executive Chairman, Senior Independent Director, a further two Independent Non-Executive Directors, the Chief Executive, the Finance Director and the Managing Director of the Academic and Professional publishing division. The biographies of the Directors appear in the "Board of Directors" section of the Annual Report on pages 40 to 41.

The agendas for all main Board meetings provide standing items for each Director to provide updates on their areas of responsibility and items for the chairs of each Board committee to update the Board.

The Board has acted within its Schedule of Matters reserved to it. The Board has delegated some of its responsibilities to committees. The three main Board Committees – the Audit Committee, Nomination Committee and Remuneration Committee – have terms of reference approved by the Board that can be found on the Company's website, www.bloomsbury-r.co.uk.

Matters considered at Board meetings during the year have included:

- review and setting of strategy for the Company's operations supported by an in-depth review of the publishing market,
- a meeting dedicated to the impact of the 2018 Code combined with a reassessment of measures around the Company's values, mission, consideration of stakeholders and in particular, strategic human resources matters. The consequences of the 2018 Code continued to be considered at other meetings,
- review of the management accounts, short and long-term forecasts, key performance indicators and full year forecasts,
- approval of the annual and interim results statements,
- review and approval of the annual budget,
- regular reports by Executive Directors on operational matters including progress towards the Bloomsbury Digital Resources 2020 targets,
- the Bigger Better Bloomsbury initiative announced in May 2018;
- the completion of the acquisition of I.B. Tauris & Co. Ltd; and
- the management and review of the risks of the Company, and evaluation of the Board's own effectiveness.

The Chairman is responsible for the effective leadership of the Board, with its oversight and strategic role. The Chief Executive is responsible for the operational success of the Company. A formal statement describing this division of responsibilities can be found at www.bloomsbury-r.co.uk. The role of the Non-Executive Directors is to constructively challenge and help develop proposals on strategy and proposed corporate initiatives while providing oversight of the Executive Directors.

The Directors and Board committees have access to the advice and services of the Company Secretary, who advises the Board, through the Chairman, on governance matters and best practices. Directors also have access to independent professional advice, if required, at the Company's expense.

Conflicts of interest procedures

Directors are required to declare any new interests at the start of all meetings. The Board has reviewed the interests of the Directors and maintains a register of areas of potential conflict of interest for Directors. In accordance with the Board's formal policy, should a matter arise where there is a risk of a conflict in the Board discussing matters or making decisions then the Director affected by the conflict will absent themselves from meeting while the matter is considered. During the year there were no actual or potential conflicts of interest arising that required a Director to take this step.

Director independence

The Board considers each of the Non-Executive Directors who served during the year to be independent in character and judgement and does not consider that there are any relationships or circumstances which affect, or could appear to affect, their independent judgement.

Corporate Governance

Board and committee attendance

The table below shows the attendance of Directors at Board and Committee meetings during the year ended 28 February 2019. Executive Directors may also have been present at Committee meetings, either in full or part to update members. Nigel Newton attends the Nomination Committee as a full member.

	Date appointed during the year	Date resigned during the year	Board	Remuneration	Audit	Nomination
Total number of scheduled meetings during the year			8	6	3	4
Executive Directors						
Nigel Newton (Chief Executive)	-	-	8	-	-	4
Richard Charkin	-	31 May 2018	2	-	-	-
Wendy Pallot	-	16 July 2018	3	-	-	-
Penny Scott-Bayfield ¹	16 July 2018	-	5	-	-	-
Jonathan Glasspool	-	-	8	-	-	-
Non-Executive Directors						
Sir Richard Lambert (Chairman of the Board)	-	-	8	-	-	4
Jill Jones	-	-	8	6	3	4
Steven Hall ²	-	-	8	3	3	4
John Warren	-	-	8	6	3	4

¹ In addition to the meetings above, Penny Scott-Bayfield attended a Board meeting as an observer prior to joining the Board.

² Steven Hall became a member of the Remuneration Committee on 18 July 2018.

Board and Committee evaluation

The Board conducts an annual formal evaluation of its performance. In 2019 this was conducted internally. The Board is supportive of the changes introduced by the 2018 Code, and in line with its recommendations, next year's Board evaluation will be undertaken by an independent outside body.

The 2018/19 evaluation of the Board took place early in the year starting 1 March 2018. It was led by the Chairman who used questionnaires to facilitate discussion with each Director to appraise the performance of the Board and to discuss any improvements needed to the Board processes. He then reported to the Board where his findings were considered. These were:

- * although the standard of Board papers was high, more could be done to ensure the timeliness of their delivery;
- * it would be appropriate to further the engagement of members of senior management in Board meetings;
- * the Board should engage more on strategy and longer term trends, with better arrangements for regular in-depth reviews for each business area;
- * HR matters continued to require focus, which was not unexpected, given the continued growth of the business; and
- * the Board membership continued to strike the right balance of skills and experience required of Non-Executive Directors against the need for regular refreshment. If necessary, the Board should be prepared to be flexible in its intention that an average Non-Executive Director appointment should last for four years.

During the year, the Board took action to address these findings and continued to monitor the improvements arising from the evaluation. In particular, it supported a series of employee engagement initiatives, which will be sustained in the years ahead. Towards the end of the year it reviewed its progress, concluding that the Board continued to work well together, with strong commitment from the Executive and Non-Executive Directors. Its focus on the Bigger Bloomsbury initiative, introduced a year ago, had produced positive results. That initiative would continue to help shape the strategic direction for the longer term. The engagement of senior management in Board meetings and more engagement by the Board on strategy and longer term trends remained areas of focus. A new area was added, focusing on the Company's relationship with its authors.

Board committees are evaluated annually against their terms of reference and against adherence to relevant regulations such as the Code, as well as how they operate as an effective committee. They consider the evaluations and make recommendations to the Board on any changes needed to related Board processes and their terms of reference. During 2019, the Board committees also considered their roles in the light of the changes emerging out of the 2018 Code and how this impacted on their roles, responsibilities and the skills and experience of committee members. In the year to 29 February 2020, the Board and its committees will consider whether amendments are needed to these terms of reference as a result.

The Chairman

The present Chairman, Sir Richard Lambert, joined the Board in July 2017 and was considered independent upon his appointment. During 2018, the Senior Independent Director evaluated his performance through confidential discussions with the other Non-Executive Directors and a one-to-one interview with the Chairman. The outcome was reported to the Board who agreed with the assessment that the Chairman continued to lead the Board in an effective and positive manner.

Directors

The Board considers that each of the Directors proposed for re-election at the 2019 AGM continues to contribute effectively, and to demonstrate commitment, to their roles. The Board evaluation process is designed to identify whether each Director has refreshed their skills and knowledge sufficiently for their roles and whether there is anything that the Company can assist them with in the performance of their duties. The induction process is designed to ensure that on appointment, Directors are provided with support and information about Bloomsbury. During 2019, Penny Scott-Bayfield joined the Board and was supported by an induction programme of introductory meetings with Executive and Non-Executive Directors, senior management and advisers, including joining the Board for a strategic retreat prior to her formal appointment.

During the year the External Auditor KPMG and the external remuneration consultants New Bridge Street provided updates on developments in corporate governance, remuneration, auditing and financial reporting standards.

Relations with Shareholders

The Board, led by the Chairman, is responsible for ensuring an open dialogue with Shareholders based on the mutual understanding of objectives. The Annual Report, interim reports, AGM, market updates and post-results announcement presentations are the principal means through which the Company communicates its strategy and performance to Shareholders. All Shareholders are welcome at the AGM, which includes presentations on the business and an opportunity to ask questions. The Chairmen of the Audit, Remuneration and Nomination Committees attend and are available to answer questions.

The Company maintains an active dialogue with its institutional Shareholders and City analysts through a planned programme of investor relations. Twice a year there are formal presentations of results, followed by a series of post-results meetings with Shareholders. The presentations are made available at www.bloomsbury-ir.co.uk. The outcome of these meetings is reported to the Board. This includes feedback from individual Directors and from discussions by the Company's corporate broker or public relations representative with Shareholders and City analysts. This is used to help review and develop Bloomsbury's procedures. In addition, the Chairman invites significant Shareholders to meet with him to discuss any matter of interest or concern. During the year, the Chairman met with one Shareholder and reported the outcome to the Board.

Board Committees

The operations of the Nomination and Audit Committees are detailed below. Those of the Remuneration Committee are set out in the Directors' Remuneration Report on page 72.

Nomination Committee

The Committee comprises the Non-Executive Chairman of the Board, who chairs the Committee, the three independent Non-Executive Directors and the Chief Executive. The Committee's terms of reference are agreed by the whole Board, and are available on the Company's website www.bloomsbury-ir.co.uk. Its role is to review the composition of the Board, consider succession planning and recommend candidates to the Board for formal appointment as Directors. The Board appointment process is as follows:

- ✱ the annual evaluation of Board effectiveness enables the Committee to identify any gaps in the skills and experience needed or forecast in anticipation of Director resignations;
- ✱ the Committee then carries out a more detailed consideration of the Board's structure, balance, and succession planning needs;
- ✱ an independent external recruitment consultant is appointed who performs a search to identify candidates meeting criteria agreed with the Nomination Committee. The external consultant carries out initial interviews with candidates and carries out background research on them to formulate a shortlist;
- ✱ one or more Directors interview each candidate and feed back to the external consultant on the interview evaluation of the candidate;
- ✱ references are taken and other background checks are made on candidates;
- ✱ the Nomination Committee sitting together selects the final candidate and makes a recommendation to the Board; and
- ✱ the Board has the final decision on appointing a candidate.

During 2018, the Nomination Committee completed the process of selecting the new Group Finance Director, Penny Scott-Bayfield. The recruitment firm Odgers Berndtson had compiled a list of candidates. The Chief Executive undertook the first round of interviews with all candidates and Committee members sitting together conducted the second round. Thereafter, there were meetings with individual Executive Directors to seek their opinions on candidates who had made it through the second round. The outcome of these meetings were fed back to the Committee to inform its decision before Penny Scott-Bayfield was recommended to the Board as a suitable candidate for the role.

In addition, the Committee also started the process of recruiting a Non-Executive Director to replace Jill Jones, who would not be standing for re-election at the 2019 AGM. The Willis Partnership was appointed to handle the search for her replacement following an evaluation of the Board's needs and the particular skills required. The selection process outlined above was followed. In May 2019 the Nomination Committee recommended, and the Board approved, the appointment of Leslie-Ann Reed to the Board, subject to her election at the 2019 AGM.

Corporate Governance

If her election is approved, Leslie-Ann Reed will be a member of the Remuneration Committee and Audit Committee. She is an Independent Non-Executive Director and Chair of the Audit Committee of the AIM-listed company Learning Technologies Group plc, and a Non-Executive Director of the German-listed company ZEAL Networks SE where she is Vice Chair of the Supervisory Board and Chair of the Audit Committee. Until May 2018 she was a Non-Executive Director and Chair of the Audit Committee of the London-listed publisher Quarto Group, Inc.

Other matters considered by the Committee during the year included the gender balance for direct reports to senior management, succession plans for below board senior management, diversity and inclusion in the Bloomsbury workforce and whether the Board should consider the use of an external facilitator for its annual evaluation.

The Committee supports the Board in overseeing the Company's diversity and inclusion policy and related HR strategies for the purposes of developing a strong and diverse talent pipeline for the future through recruitment, retention and development strategies designed to promote all aspects of diversity.

Board diversity

The Board aims for at least one-third, or the nearest number to a third, of Directors on the Board to be women. At present it has two women among its seven Directors. New appointments are selected by the Nomination Committee using independent search consultants based on merit as the best candidate for the role. The Board believes it supports a diverse pipeline of senior management with respect to gender balance. A majority of the Executive Committee and other senior managers are women. More details can be found in the Company's Gender Pay Gap Report on its website www.bloomsbury-ir.co.uk.

Re-election of Directors

In 2016, the Board decided to follow best practice by requiring all Directors to retire at each AGM and stand for re-election. Annual re-election is now a requirement under the 2018 Corporate Governance Code for a FT SmallCap company such as Bloomsbury Publishing Plc. The Articles of the Company would otherwise require all Directors to be subject to reappointment by the Shareholders at the first Annual General Meeting after their appointment and thereafter at intervals of no more than three years.

Recent Non-Executive Director appointments by the Board have been for periods of up to four years. In 2016, the Board concluded that it would be best served by a policy of progressive refreshing of the Non-Executive Directors, anticipating annual appointments of new Non-Executive Directors and an average duration of such appointments of four years. During 2018 the Board reviewed this policy and decided it remained appropriate given that it retained flexibility to extend an appointment beyond four years where the circumstances made it appropriate to do so.

The notice periods by the Company of the Directors are set out in the Directors' Remuneration Report on pages 60 to 61.

Audit Committee

Operation of the Audit Committee

The Committee comprises three Independent Non-Executive Directors. The Chair of the Committee is John Warren, a Fellow of the Institute of Chartered Accountants in England and Wales. The Board is satisfied that his experience and qualifications are sufficient for him to meet the experience and qualification requirements for at least one member of the Audit Committee to hold recent and relevant financial experience as required by the Code and Listing Rules. In addition, the other Committee members are experienced in the field of publishing, enabling it to have competence relevant to the sector in which the Company operates.

The Committee typically invites the External Auditor, the Head of Internal Audit, the Chairman of the Board, the Group Finance Director and the other Executive Directors to attend meetings. There is a standing item on the agenda for the External and Internal Auditors to meet the Committee alone without management present, enabling Committee members to share any concerns that they may have.

The terms of reference of the Committee can be found on the Company's website, www.bloomsbury-ir.co.uk, and set out the role and authority of the Committee. Responsibilities include:

- * to monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- * to review the Company's internal financial controls and to review the Company's internal control and risk management systems;
- * to monitor and review the effectiveness of the Company's internal audit function;
- * to make recommendations to the Board, for it to put to the Shareholders for their approval in a general meeting, in relation to the appointment, reappointment and removal of the External Auditor and to approve the remuneration and terms of engagement of the External Auditor;
- * to review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- * to develop and implement policy on the engagement of the External Auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
- * to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken; and
- * to report to the Board on how it has discharged its responsibilities.

The Committee's annual evaluation review considered that the Committee was acting satisfactorily.

Activities of the Committee during the year

During the year, among other matters, the Committee considered

- * the impact of adopting accounting standards – these are covered in more detail under the heading of Significant Financial Reporting Matters below;
- * the annual and interim statements and associated announcements, recommending them to the Board for approval;
- * the External Auditor's audit strategy for the year, agreeing the risks identified therein, noting that the acquisition of IB Tauris & Co Ltd. represented potential new risks that needed to be investigated and the impact from the adoption of IFRS 15 and IFRS 9, as further described below;
- * its oversight role of monitoring and evaluating the Internal Audit function supplied from within Bloomsbury, along with management's responses to its recommendations. It has since considered that it would be appropriate to co-source the function using both internal and external resources, while retaining its oversight role, and the Committee has approved the engagement of Grant Thornton for this purpose;
- * at each meeting, the subject of internal controls and associated risk management to assess the scope and effectiveness of these matters. The approach to these matters is further elaborated on below while the principal risks facing the Company are described in the Risk Factors section of the Annual Report on page 25, which also explains how each risk is managed and mitigated. These are reported to the Board;
- * the content of the Company's risk register as part of the processes around risk mitigation, including updates on the impact of Brexit and copyright-related risks and the controls in place to mitigate possible losses;
- * a report on the latest Corporate Governance changes arising out of 2018 Code and the measures that would be taken to achieve compliance; and
- * Whistleblowing procedures for staff to raise concerns in confidence. In line with the changes in the 2018 Code, the Board will take on this responsibility during the current year

Significant Financial Reporting Matters

The Committee considered

- * the impact of adopting IFRS15 and the resulting changes including disclosure requirements. The key changes related to the timing of revenue recognition for printed books, and on subscription income for Perpetual Access digital products and licences and other income. Further details are supplied in note 2w to the Accounts;
- * the impact of adopting IFRS9 in place of IAS39, for which the key change was the valuation of trade receivables, partly offset by a credit on respect of deferred tax. Details are disclosed in note 2x to the Accounts;
- * the treatment of goodwill, in particular arising from the acquisition of IB Tauris & Co Ltd;
- * the treatment of rights and services revenues from licences over

Bloomsbury's IP to third parties, as stated in note 2g to the financial statements. The revenue recognised from these licences in any one period reflects the value of contracted performance obligations satisfied in that period. The revenue recognition treatment for more complex deals is reviewed and agreed with the Group Finance team before the contract is signed; and

- * that the Group's annual and interim financial statements, after review and taken as a whole, are fair, balanced and understandable, and provide the necessary information to assess the Group's position and performance, business model and strategy. In addition, it considered that they met the necessary legal and regulatory requirements. It so advised the Board

External Auditor

The Audit Committee has primary responsibility for making a recommendation on the appointment, reappointment and removal of the External Auditor and approving its remuneration and terms of engagement

The role of External Auditor was tendered following the 2013 AGM and the Board appointed KPMG LLP as External Auditor for the Group and for the Company for audits for the year ended 28 February 2014 and onwards. The detailed tender process followed is set out in the Annual Report for that year. The Group will continue to comply with the relevant tendering and auditor rotation requirements applicable under UK and EU regulations, which require the next external audit tender to occur for the year ending 28 February 2024. The External Auditor is required to rotate the audit partner responsibility for the Group audit every five years. During the year, the then partner John Bennett, was joined at Committee meetings by the new audit partner, Sarah Styant, to ensure a smooth handover of responsibilities for 2019. In the same period, the Committee also assessed the effectiveness of the external audit process and were satisfied with the scope, direction and outcome of work. In forming its view the Committee considered

- * the quality of audit work undertaken and resulting findings;
- * the scope of the Auditor's work and whether the Auditor deployed sufficient resources to complete their agreed programme, and
- * the independence and objectivity of the External Auditor

The Committee was satisfied that KPMG was an effective External Auditor and recommended to the Board that the reappointment of KPMG as External Auditor be put to the Shareholders at the 2018 AGM. The External Auditor's terms of engagement and remuneration were approved. Details of the amounts paid to KPMG are provided in note 4 to the Accounts.

Corporate Governance

External Auditor non-audit services

The Committee has approved a formal policy on the provision of non-audit services to safeguard the independence and objectivity of the External Auditor and reviews the level of non-audit fees relative to audit fees. The full policy is found on the website www.bloomsbury-ir.co.uk. A list has been approved by the Committee of services that the External Auditor is prohibited from undertaking. During 2019, KPMG did not supply any non-audit services to the Group.

Internal control and risk management

The Code requires the Directors to assess at least annually the effectiveness of the Group's systems of internal control, which include financial, operational and compliance controls, and the system of risk management. The Audit Committee reviews the systems and controls while the Board considers the overall state of the risks to the business, the Group's appetite for risk and the countermeasures in place. The Board retains overall responsibility for the Group's internal controls and for reviewing their effectiveness and for approving all related policy. These internal controls are designed to manage rather than eliminate risk, and can only provide reasonable, and not absolute, assurance against material loss.

The Board has put in place an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process has been in place for the year under review and up to the date of approval of this Annual Report. The process is regularly reviewed by the Audit Committee on behalf of the Board to ensure that the procedures implemented continue to be effective and, where appropriate, recommendations are made to management to improve the procedures. The Company's system of internal financial control aims to safeguard the Group's assets, ensure that proper accounting records are maintained, that the financial information used within the business and for publication is reliable, that business risks are identified and managed and that compliance with appropriate legislation and regulation is maintained. The Board confirms it has monitored the Group's risk management and internal control systems and carried out a review of their effectiveness covering all material controls, including financial, operational and compliance controls.

Internal control and risk management framework

The preparation of the consolidated financial statements of the Company is the responsibility of the Finance Director and is overseen by the Audit Committee with overall responsibility resting with the Board. This includes responsibility for ensuring appropriate internal controls are in place over financial reporting processes and related IT systems. The Audit Committee monitors the risks and associated controls over financial reporting processes, including the consolidation process.

The Risk Factors section of the Annual Report on page 25 sets out how the Board has taken account of the Group's current position and principal risks and how it has assessed the prospects of the Group over a period of three years. The Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the assessment period.

Relevant features of the Company's system of internal controls and risk management in relation to the financial reporting process and preparation of the Group financial statements include:

- ✱ **Organisational culture:** The Company has a highly skilled, professional and committed workforce. The Board is committed to developing a culture of openness, integrity, competence and responsibility. The Board concentrates mainly on strategic and significant organisational issues, approving objectives and monitoring, at a high level, the financial and operational performance against objectives.
- ✱ **Organisational structure:** The One Global Bloomsbury structure comprises the worldwide publishing divisions supported by Group functions (finance, IT, production, sales and marketing) which provide an internal control service to the business as internal control pillars within the Group's internal control framework.
- ✱ **Viability Statement:** The Risk Factors section of the Annual Report sets out how the Board has taken account of the Group's current position and principal risks and undertaken a robust assessment of the prospects of the Group over a period of three years. The Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the assessment period.
- ✱ **Risk and control review:** The Executive Committee (which comprises the divisional and Group function heads and Executive Directors) maintains Group level and Group function level risk analysis and control assessments for each risk. This ensures that risks and control issues from around the Group worldwide are reported openly to the senior management team and addressed. The Board has regularly reviewed the significant Group and functional risks to ensure appropriate action is taken to address the risks. The Audit Committee reviews the risks, in particular the financial risks and issues that could impact on reporting, when considering the financial statements.
- ✱ **Financial internal control and risk review:** The Finance Director formally reviews the internal financial controls, taking account of the risks within the financial information systems, and reports the findings of this review to the Audit Committee. Analytical review of operating results and detailed control questionnaires completed for the publishing divisions and overseas offices supplement management's knowledge of the business for the evaluation of the risks and assessment of the internal financial controls. The Audit Committee also receives reports on the internal controls and risks provided by the Internal Auditor. The Audit Committee receives other reports from management relevant to the internal financial controls such as reports on the progress of key projects.

- * **Authority levels.** The Board maintains a detailed register of delegated authorities and sets the level of authority required, before Board approval is needed, to commit the Company or to undertake transactions. It also approves budgets and other performance targets. The publishing divisions and Group functions operate within these authority levels and budgets. The Executive Directors determine the authority to be delegated to individual managers.
- * **Financial management reporting.** The Board approves the annual Group budget. Sales are reported daily, weekly and monthly. Financial results of the business operations are reported monthly and compared to budget and forecasts. Detailed forecasts for the Company are updated regularly and reviewed by the Board.
- * **Book title acquisition procedures:** Established procedures, such as the review and approval by an Executive Director of acquisition proposals of rights to new books, are operated within set authority limits and used for transactions in the ordinary course of business. Acquisitions exceeding delegated authority limits require approval by the Board. Significant acquisitions of companies and businesses are approved by the Board. The Board has set authorised limits for the total author advances held on the Statement of Financial Position as a percentage of net assets and for the total value of committed but unpaid advances.
- * **Accountability:** The Company has clearly defined lines of responsibility headed by the Chief Executive and Executive Committee to control the publishing divisions and business functions. Detailed operational and financial performance data are monitored by supervisory management to ensure the performance of operations is in line with targets. The reasons for variances and underperformance are established by supervisory line management and followed up with managers and staff.
- * **Overseas offices.** Each overseas office has a local manager or managing director who is responsible for operational effectiveness and local internal controls. Accounting for the Group is centralised and overseas subsidiaries hold limited cash balances. Senior managers and Executive Directors regularly visit the overseas offices and the finance function conducts operational review visits to review the procedures. The Board has implemented a Group Whistleblower Policy and an Anti-bribery and Corruption Policy.
- * **Internal audit:** For the year 2018/19, internal control questionnaires ("ICQ") were used to assess the internal controls across the Group worldwide at least twice annually. Outcomes of assessments were reported regularly to senior management and at each Audit Committee meeting. The Audit Committee considers reports from External and Internal Audit to ensure that adequate measures are being taken by management to address risk and control issues.

Significant failings or weaknesses in the internal controls

Following its review, the Committee concluded that the systems of risk management and internal controls are adequate for Bloomsbury, including all the Group companies. There were no significant internal control weaknesses identified that challenged the Group in achieving its objectives. However, the Committee agreed that the control assessment should be changed to include a "no-deal" Brexit scenario and an increase in risks regarding "IP and copyright" and "Open Access" on the Group risk matrix.

Maya Abu-Deeb
General Counsel and Company Secretary

Directors' Remuneration Report

Annual Statement

Dear Shareholder

I am delighted to present the Directors' Remuneration Report (the "Report") for Bloomsbury Publishing Plc for the year ended 28 February 2019. The Report has been prepared on behalf of the Bloomsbury Board by the Remuneration Committee (the "Committee") and has been approved by the Board.

Outline of the Remuneration Report

The Report is split into the following two sections:

- Part A, the Remuneration Policy Report, which sets out the Remuneration Policy for the Executive and Non-Executive Directors; and
- Part B, the Annual Report on Remuneration, which discloses how the Remuneration Policy was implemented for the year ended 28 February 2019 and will be implemented for the year ending 29 February 2020.

The Directors' Remuneration Policy (the "Remuneration Policy") was approved by Shareholders at the 2017 Annual General Meeting, with strong support from our shareholders with 99.5% of votes cast in favour with the expectation that the Policy would remain in place until the next triennial binding vote. The Committee keeps the Policy under regular review and considers it continues to incentivise the sustainable delivery of the Board's strategy, strong financial performance and the creation of long-term Shareholder value. No policy changes were proposed for 2019 and therefore it will next be subject to a binding vote at the 2020 AGM.

The Annual Report on Remuneration will be subject to an advisory Shareholder vote at the forthcoming AGM on 17 July 2019. It provides details of the remuneration earned by Directors in the year ended 28 February 2019.

Developments in 2019

The Committee is considering the implications of the recent changes to the UK Corporate Governance Code and subsequent updates from the institutional investor bodies for our Remuneration Policy. We intend to reflect any changes required under the Code and to ensure our Remuneration Policy takes into account the best practice expectation of institutional investors when the Remuneration Policy is next subject to a shareholder vote at the 2020 AGM.

Performance and reward for 2019

The Group delivered a strong performance over the year to February 2019 which was reflected in the financial results. Group revenues rose by 1% to £162.7 million and profits before taxation and highlighted items increased by 9% to £14.4 million, ahead of market expectations. Profits before taxation were up by 3% to £12.0 million. The final dividend of 6.75p per share, if approved by Shareholders at the AGM, will mean that Bloomsbury will continue a record of dividend growth over 24 consecutive years.

Annual bonus

Annual bonus payments to the Executive Directors are based on a combination of financial and strategic measures. The majority (70%) of the bonus is based on financial measures, (the "Profit Target bonus"), the remainder (30%) is based on strategic measures (the "Strategic Objectives bonus").

Bonuses for the Executive Directors for the year to 2019 (the "2019 Bonuses") paid out at an average rate of 91.5% of the maximum bonus opportunity. The Profit Target element of the bonus was achieved in full, reflecting the strong financial performance of the business and achievement against the strategic objectives, and resulted in an average outturn of 72% of the maximum opportunity for this element of the bonus. Full disclosure of the targets set for the bonus and the achievement against each target is disclosed in the Annual Report on Remuneration.

The basis of the 2019 Bonus plan remains unchanged from the previous year: the Strategic Objectives bonus is assessed against five strategic targets set by the Committee with different weightings applied to each of these targets based on the relative importance to each respective Director; and the Profit Target bonus is assessed against stretching financial threshold targets. For 2019, the Committee set a stretching threshold target for profit before taxation and highlighted items ("Adjusted profit") of £14.4 million, taking account of the City analysts' forecasts and other factors. Profit above the threshold accrues into a bonus pool (until the pool becomes fully funded). The level of outperformance was sufficient to fund the profit-related bonus at the maximum level.

Long Term Incentive Plan ("LTIP") grants and vesting

In July 2018, LTIP awards were granted to Executive Directors based on 100% of their annual salary. These were granted on the basis of 50% on an earnings per share ("EPS") performance condition and 50% on a return on capital employed ("ROCE") performance condition. These conditions were the same as for those awards granted in July 2017.

The LTIP awards granted on 7 June 2016 ("2016 Award") and due to vest in June 2019 were subject to EPS and to total shareholder return (TSR) performance conditions. Up to half of the award could vest under each of these two performance conditions. Annualised EPS was required to exceed the retail price index (RPI) over the three-year period by 3 percent before a minimum vesting under the EPS performance condition. The TSR performance condition required the Company to rank in at least the median quartile before any vesting was possible, but subject to annualised EPS in excess of RPI being equal or greater than 0% (the "Underpin"). The Company ranked in the upper quartile under the TSR condition but failed the Underpin test. Accordingly, no shares will vest in June 2019 under the 2016 Award. The outcome of the 2016 Award is also shown in tabular form under Part B of the Remuneration Report at pages 65 and 66.

Remuneration arrangements for 2020

For the year ending 29 February 2020, the Committee has decided that:

- * In line with the Group's general workforce, an annual increase in basic salaries of 2.5% has been applied to the Executive Directors and Chairman
- * There will be no changes to other elements of fixed pay (i.e. benefit and pension provision)
- * The structure and quantum of the annual bonus arrangement continues to work well as an incentive. Therefore, the maximum bonus potential will remain at 100% of salary and the structure of the 2020 annual bonus will be broadly similar to that operated for 2019, with 70% based on profit before tax and 30% on strategic objectives. Within the strategic objectives part of the bonus arrangements, the Committee decided that it was appropriate to add an objective of employee engagement. The Committee will have the discretion to reduce any payment under the bonus if they feel payment is not merited based on the overall performance of the Group or if the bonus is not considered affordable by the Board. A clawback provision will operate in respect of the annual bonus for the Executive Directors
- * The current LTIP provides strong alignment between the Executive team and Shareholders. No changes are proposed in respect of either the operation of the plan or the quantum of awards made. The performance measures attached to awards made in 2020 will continue as for 2019, 50% of the awards will continue to be based on earnings per share ("EPS") growth relative to RPI while the other 50% will be based on stretching targets for Return on Capital Employed ("ROCE"). To ensure a continued focus on shareholder return, the ROCE award will be subject to an EPS underpin at the discretion of the Committee. Where performance under any of these measures is considered unacceptable, the Committee may reduce an award, including to zero. In line with best practice, LTIP awards will be granted subject to a two-year post-vesting holding period. The holding period will continue to apply should an Executive Director leave Bloomsbury.
- * It will review the Remuneration Policy approved at the 2017 AGM. As part of this review, the Committee will consider the implications for the Remuneration Policy of changes made recently to the UK Corporate Governance Code and the subsequent guidelines issued by the main institutional investor bodies. We intend to reflect any changes required at the next binding policy vote at the 2020 AGM

Executive Director changes

During the year, Richard Charkin and Wendy Pallot resigned and we welcomed Penny Scott-Bayfield as our new Group Finance Director. In line with the Remuneration Policy, neither retiring Director had any payment made to him or her in lieu of notice or on any ex gratia basis. All Performance Share Plan ("PSP") awards and Sharesave options lapsed. All sundry benefits such as life insurance and family health care also lapsed. The Remuneration Committee decided to exercise its discretion in respect of annual bonuses in each case and details are given in the Remuneration Report on page 63.

Richard Charkin continues to be available to work for the Group in his capacity as a consultant on specific projects due to his exceptional experience in international publishing. There has been no undertaking made either before or following his departure agreeing any minimum commitment to his services to the Group. However, prior to his departure it was agreed that any consultancy arrangement would not exceed a maximum of 44 days over the 12 months following his departure, or over any subsequent 12-month period.

There are no further disclosures that the Remuneration Committee believe should be brought to the attention of Shareholders under the Remuneration Policy in respect of the departure of either Richard Charkin or Wendy Pallot.

On appointment to the role of Group Finance Director, Penny Scott-Bayfield was recruited on a salary below that of her predecessor, and below market, on the basis that once her expertise and performance were proven and she was fully operating in the role of Group Finance Director, her salary would be increased, in line with the Group's recruitment approach. Penny's salary increase for the upcoming financial year will be in line with the wider population, with the intention that a review of Penny's salary will be undertaken and any increase would be effective from July 2020.

Exercise of Committee's discretion

The variable pay outcomes are consistent with the assessment of outturns against the performance pay measures. The Committee has not exercised discretion to amend the payout or vesting outcomes for any of the Executive Directors. It exercised its discretion in respect of departing directors as disclosed under Executive Director changes, above.

In the pages that follow are details of:

- * The annual report on remuneration for 2019,
- * Our approach to the application of the Remuneration Policy in 2020, and
- * The existing Remuneration Policy, approved at the 2017 AGM.

We hope you will find this 2019 Remuneration Report clear and helpful, and of course welcome Shareholder feedback.

Jill Jones
Chair of the Remuneration Committee
21 May 2019

Directors' Remuneration Report

PART A – REMUNERATION POLICY REPORT

Introduction

The Committee has adopted the principles of good governance relating to Directors' remuneration as set out in the UK Corporate Governance Code issued in April 2016 (the "Code"). This Report, together with the Annual Report on Remuneration, complies with the Companies Act 2006 (the "Act"), the UKLA Listing Rules of the Financial Conduct Authority and Directors' Remuneration: the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The Company has complied with the provisions of the Code relating to Directors' remuneration throughout the year. In July 2018 the Code was revised (the "2018 Code"). While the revised Code applies to the Company's Report and Accounts in the year ending 29 February 2020 and onwards, the Committee has nevertheless sought to incorporate its requirements where appropriate.

In determining the Remuneration Policy the Committee applies the key principles that remuneration should:

- * attract and retain suitably high calibre Executive Directors and ensure that they are motivated to achieve the highest levels of performance including delivering strategic initiatives and objectives;
- * align the interests of the Executive Directors with those of the Shareholders and wider stakeholders; and
- * not pay more than is necessary

Consideration of Shareholder views

The Committee considers Shareholder feedback received in relation to the AGM each year. This feedback, plus any additional feedback received during any meetings from time to time, is then considered as part of the Group's annual review of the Remuneration Policy. In addition, the Remuneration Committee will seek to engage directly with major Shareholders and their representative bodies should any material changes be proposed to the Remuneration Policy. Major Shareholders and representative bodies were consulted in early 2017 about the current policy, which runs for three years until 2020. During 2019, the Committee anticipates engaging with Shareholders regarding the Remuneration Policy to be proposed at the 2020 AGM.

Consideration of employment conditions elsewhere in the Group

The Committee considers the general basic salary increase for the broader employee population when determining the annual salary increases for the Executive Directors. The relative increase in CEO pay for the year under review, as compared with that of the general workforce, is set out in the Annual Report on Remuneration. The Committee also considers environmental, social and governance issues and risk when reviewing executive pay quantum and structure. New reporting regulations introduced the requirement to disclose our CEO pay ratio for financial years beginning after 1 January 2019. The Committee will be reviewing the relevant data and considering the most practical method for us to produce this during 2019 in readiness to report the ratio as part of the Report for 2019, published in May 2020.

Remuneration Policy for Executive Directors – Summary policy table

The following table summarises each element of the remuneration policy for the executive directors, explaining how each element operates and links to the corporate strategy.

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Salary	<ul style="list-style-type: none"> * Reflects the value of the individual and their role * Reflects skills and experience over time * Provides an appropriate level of basic fixed income avoiding excessive risk-taking arising from over-reliance on variable income 	<ul style="list-style-type: none"> * Reviewed annually and normally effective 1 March * Takes periodic comparisons against companies with similar characteristics and sector comparators 	<ul style="list-style-type: none"> * No maximum base salary or maximum salary increase operated * Annual increases are typically linked to those of the wider workforce * Where salaries are below market levels (e.g. upon promotion or a change of role) higher increases may be awarded where appropriate 	<ul style="list-style-type: none"> * N/A
Annual bonus	<ul style="list-style-type: none"> * Incentivises annual delivery of financial and strategic goals * Maximum bonus only payable for achieving demanding targets 	<ul style="list-style-type: none"> * Paid in cash * Not pensionable 	<ul style="list-style-type: none"> * 100% of salary 	<ul style="list-style-type: none"> * Group profit (majority) * Strategic objectives, including personal objectives (minority) Clawback provisions operate for Executive Directors
Pension	<ul style="list-style-type: none"> * Provides modest retirement benefits * Opportunity for Executive Directors to contribute to their own retirement plan 	<ul style="list-style-type: none"> * Defined contribution/ salary supplement or cash payment in lieu of pension contribution 	<ul style="list-style-type: none"> * Up to 15% of salary 	<ul style="list-style-type: none"> * N/A
Other benefits	<ul style="list-style-type: none"> * To aid retention and recruitment 	<ul style="list-style-type: none"> * Company car or car allowance and the provision of private medical/permanent health insurance and life assurance 	<ul style="list-style-type: none"> * N/A 	<ul style="list-style-type: none"> * N/A
Long-term incentives	<ul style="list-style-type: none"> * Aligned to main strategic objectives of delivering sustainable profit growth and Shareholder return 	<ul style="list-style-type: none"> * Annual grant of nil cost options or conditional awards which normally vest after three years subject to continued service and performance targets * Any vested shares must be held by the Executive for a further two years 	<ul style="list-style-type: none"> * Normal annual grant policy is 100% of basic salary * Enhanced award levels may be granted up to 150% of salary (e.g. upon an Executive Director's appointment) * Dividend equivalents may be payable to the extent that shares under award vest 	<ul style="list-style-type: none"> * Vesting of PSP awards will be based on achieving financial and/or TSR or ROCE targets * 25% of awards will vest at threshold performance increasing pro rata to full vesting at maximum performance levels * Clawback provisions operate for Executive Directors

Directors' Remuneration Report

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Sharesave	* To encourage employee share ownership by employees and therefore alignment with Shareholders	* HMRC approved savings plan to fund the exercise of share options * The exercise price may be discounted by up to 20% * Provides tax advantages to UK employees	* Prevailing HMRC limits apply	* N/A
Share ownership guidelines	* To provide alignment between Executive Directors and Shareholders	* Executive Directors are required to build and maintain a shareholding equivalent to one year's base salary through the retention of vested share awards or through open market purchases	* 100% of salary holding for Executive Directors	* N/A
Non-Executive Director fees	* Reflects time commitments of each role * Reflects fees paid by similarly sized companies	* Cash fee paid monthly	* No maximum fee or maximum fee increase operated * Annual increases are typically linked to those of the wider workforce, time commitment and responsibility levels	* N/A

Notes to the summary policy table:

1. A description of how the Company intends to implement this in 2019/20 is set out in the Annual Report on Remuneration.
2. Remuneration arrangements below Board tend to be skewed more towards fixed pay with less of a focus on share-based long-term incentive pay. These differences have arisen from the development of remuneration arrangements that are market competitive for the various categories of individuals.
3. The choice of the performance metrics applicable to the annual bonus or long-term incentive scheme will reflect the Company strategy at the time of grant.
4. The all-employee Sharesave scheme does not have performance conditions.

Discretion of the Committee

The Committee will operate the annual bonus and PSP schemes according to the respective scheme rules (or relevant documents) and in accordance with the applicable regulations. Executive Director incentive schemes and remuneration plans are designed to align the interests of management with those of the Shareholders and are kept as simple as possible. Where the outcome of incentives is not as the Committee intended, it may use its discretion to intervene and modify the outcomes to align the interests of management with those of the Shareholders.

The Committee has adopted terms of reference based on best practice and may apply its independent discretion in a number of ways through its conditional approval including for:

Share-based incentives

- * granting of all discretionary share awards/options and determining the participants (including for Executive Directors and below the Board), timing of grants, size of awards, performance conditions and how vested awards should be satisfied;
- * running Sharesave to ensure that the scheme is run within applicable dilution limits;
- * vesting of all discretionary share awards/options including the timing and level of vesting;
- * non-routine vesting of all employee share options to ensure the effective operation of the schemes under the applicable regulations and rules;

Annual bonuses

- * making annual bonus awards to the Executive Directors and determining the level of awards, targets and conditions and calibration of bonuses;
- * the Group bonus pool and the level of bonus payouts for the Executive Directors and managers below Board who participate in the Group bonus scheme;

- * bonus payments to the Executive Directors so to determine the level of payments following the assessment of performance measures and achievement against bonus objectives;

Routine payments

- * all routine changes to Executive Director basic salaries, pensions and eligibility to benefits; and

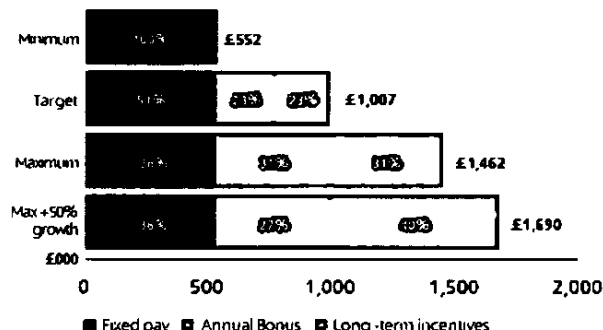
Non-routine payments

- * all non-routine payments to the Executive Directors including but not limited to leavers, to new appointees and in respect of a change of control

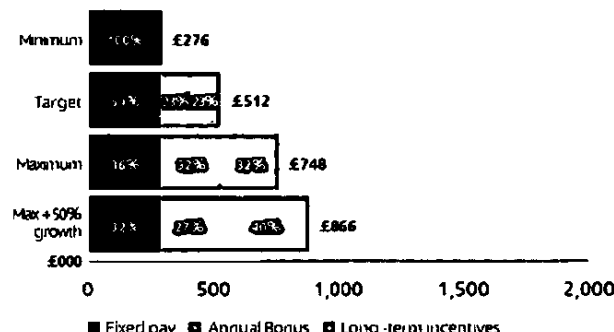
Reward scenarios

The remuneration package comprises both fixed elements (base salary, pension and benefits) and performance-based variable elements (cash bonus and LTIP). The structure of the remuneration packages for on-target and stretch performance for each of the Executive Directors for 2019/20, in line with the Remuneration Policy, is illustrated in the bar charts below.

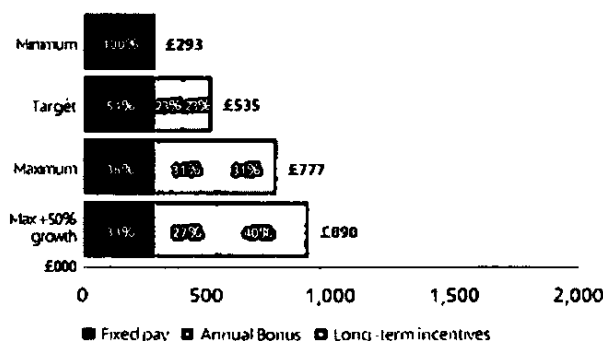
Nigel Newton



Penny Scott-Bayfield



Jonathan Glasspool



Notes:

- The minimum performance scenario comprises the fixed elements of remuneration only, based on salary, pension and car allowance as per policy for 2019/20.
- The target level of bonus is taken to be 50% of the maximum bonus opportunity (100% of salary), and the target level of PSP vesting is assumed to be 50% of the face value assuming a normal grant level (100% of salary). These values are included in addition to the components/values of minimum remuneration.
- Maximum assumes full bonus payout (100% of salary) and the full face value of the PSP (100% of salary), in addition to fixed components of remuneration.
- Basic salaries from 1 March 2019 are used.
- For simplicity, no share price growth has been factored into the calculations. The value of any Sharesave awards and notional dividends accruing on vested LTIP shares has been excluded.
- In addition, a further performance scenario, to reflect 50% share price growth, has been included.

Directors' Remuneration Report

Executive Director share ownership guidelines

Under the guidelines, the Executive Directors are expected to build and maintain a shareholding valued at 100% of basic salary with no upper limit on the number of shares they may hold. A time limit is not set to accumulate the shareholding; however, Executive Directors are required to retain all shares arising from vested PSP awards (net of tax) or purchase shares until the shareholding guideline is met. The number of shares needed to satisfy the shareholding is recalculated annually at the close of the next business day following the announcement of the full year results taking account of changes to basic salary.

Remuneration earned by the Executive Directors from outside appointments

Significant external appointments of the Directors are given in the bibliographic details in the Board of Directors section of the Annual Report. The Committee considers that the external appointments of the Executive Directors have no detrimental impact on the performance of their duties. The Committee has approved that each Executive Director may retain his or her remuneration earned from external appointments up to £15,000 per year.

Approach to recruitment and promotions

The remuneration package for any new Executive Director would be set in accordance with the terms of the Company's approved Remuneration Policy at the time of appointment and take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

Salary would be provided at such a level as required to attract the most appropriate candidate and may be set initially at a below mid-market level on the basis that it may progress towards the mid-market level once expertise and performance has been proven and sustained. The annual bonus potential would be limited to 100% of salary, pro-rated for new joiners, and grants under the PSP would be limited to 100% of salary (150% of salary in exceptional circumstances). In addition, the Committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an Executive leaving a previous employer. It would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods, expected value and performance conditions.

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms. In addition, any other ongoing remuneration obligations existing prior to appointment may continue.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

If appropriate the Committee may agree, on the recruitment of a new Executive Director, a notice period in excess of 12 months but to reduce this to 12 months over a specified period.

Service contracts for Executive Directors

Details of the service contracts of the Executive Directors, which are not of a fixed term and are terminable by either the Company or the Director, are set out below

Executive Directors	Date of agreement	Date of expiry	Notice period
Nigel Newton	24 June 2003	-	12 months
Penny Scott-Bayfield*	18 April 2018	-	12 months
Jonathan Glasspool	23 July 2015	-	12 months

* Appointed 16 July 2018

At the Board's discretion, early termination of an Executive Director's service contract may be undertaken by way of payment of salary and benefits in lieu of the required notice period (or shorter period where permitted by the contract of service or where agreed with the Executive Director) and the Committee would take such steps as necessary to mitigate the loss to the Company and to ensure that the Executive Director observed his or her duty to mitigate loss.

Annual bonus may be payable, at the discretion of the Committee, with respect to the period of the financial year served although it will be prorated for time and paid at the normal payout date. Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules. However, in certain prescribed circumstances, such as death, ill health, injury, disability, redundancy, retirement, sale of employing business or other circumstances at the discretion of the Committee, "good leaver" status may be applied. For good leavers, awards will normally vest at the normal vesting date, subject to the satisfaction of the relevant performance conditions at that time and reduced pro rata to reflect the proportion of the performance period actually served. However, the Remuneration Committee has the discretion to determine that awards vest at cessation of employment and/or not to prorate awards.

The service contracts for Executive Directors are available for inspection at the Company's registered office

Non-Executive Directors

Each of the Non-Executive Directors ("NEDs") has similar general terms for their agreement, which can be found on Bloomsbury's investor relations website at www.bloomsbury-ir.co.uk. The agreements provide for three months' notice by the Director or by the Company with the option for the Company to terminate an appointment at any time on payment of three months' fees in lieu of notice. All directors' appointments are subject to annual reappointment at each AGM. Termination of the agreements is without compensation.

Details of the NED agreements are as follows:

Non-Executive Director	Date of appointment	Date of agreement	Date of expiry	Notice period
Jill Jones	23 July 2013	18 July 2018	2019 AGM	3 months
John Warren	23 July 2015	18 July 2018	2020 AGM	3 months
Steven Hall	1 March 2017	19 January 2017	2021 AGM	3 months
Sir Richard Lambert	18 July 2017	15 June 2017	2021 AGM	3 months

The annual fees of NEDs, excluding the Chairman, are determined by the Chairman and the Executive Directors. The annual fee of the Chairman is determined by the Committee (excluding the Chairman) and the Executive Directors. NEDs receive a basic annual fee of £39,399 (2018: £38,438) plus an extra annual amount of £2,574 (2018: £2,511) if acting as chairman of a Board committees. There is no extra fee paid for the role of Senior Independent Director, or to Chairman in respect of his role as Chairman of the Nomination Committee. The fees of the NEDs and Chairman are considered appropriate for a listed company of the size of Bloomsbury Publishing Plc. Where NEDs and the Chairman receive an increase in annual fee this is normally the percentage increase in salaries for Bloomsbury employees generally. The NEDs and Chairman do not participate in the Company's annual bonus or share incentive schemes, including Sharesave.

Directors' Remuneration Report

PART B – ANNUAL REPORT ON REMUNERATION

The following discloses the remuneration paid to, or earned, by the directors in respect of the financial year ended 28 February 2019

PART B-1 (AUDITED INFORMATION) Single total figure table of remuneration for 2019

Directors' remuneration for 2019

Details of the remuneration of each of the Directors are as follows:

	Year ended 28 February	Basic salary or fees £'000	Other Benefits £'000	Pension Contributions £'000	Performance- related bonus ¹ £'000	Gain on share awards £'000	Total £'000
Executive Directors							
Nigel Newton	2019	444	29	67	411	–	951
	2018	433	27	65	384	–	909
Richard Charkin ¹	2019	60	2	–	56	–	118
	2018	233	12	–	206	–	451
Wendy Pallot ²	2019	106	7	16	96	–	225
	2018	270	15	41	243	–	569
Jonathan Glasspool	2019	236	15	36	218	–	505
	2018	230	15	35	204	–	484
Penny Scott-Bayfield ³	2019	142	2	14	128	–	286
	2018	–	–	–	–	–	–
Non-Executive Directors							
Sir Richard Lambert ⁴	2019	108	–	–	–	–	108
	2018	66	–	–	–	–	66
Steven Hall	2019	39	–	–	–	–	39
	2018	38	–	–	–	–	38
John Warren	2019	41	–	–	–	–	41
	2018	40	–	–	–	–	40
Jill Jones	2019	41	–	–	–	–	41
	2018	40	–	–	–	–	40
Total	2019	1,217	55	133	909	–	2,314
	2018	1,390	69	141	1,037	–	2,637

¹ Richard Charkin resigned as a Director of the Company on 31 May 2018. He had been in receipt of fees in total of less than £15,000 per annum in respect of his external appointments as a Non-Executive Director of the Institute of Physics Publishing and of Liverpool University Press. The Committee had approved his retention of such fees and they are not included in the table above. No other Executive Director is or was in receipt of remuneration from external appointments as Non-Executive Director during the year.

² Wendy Pallot resigned as a Director of the Company on 16 July 2018.

³ Penny Scott-Bayfield was appointed a Director of the Company on 16 July 2018.

⁴ Sir Richard Lambert was appointed to the Board on 18 July 2017. His 2018 fees are from the date of his appointment.

⁵ Figures shown for bonus payments relating to 2018 are those received during the year based on performance and basic salary received during the previous year. The bonus for 2019 was paid in May 2019 and the basis is explained below.

More details on the content of the headings in the above table, including description of the other benefits received by the Directors, their pension contributions and the basis of their bonus awards for 2019, are set out below under the relevant headings below. There were no gains on PSP award share incentives in 2018 or in 2019, as none vested.

Basic salary

Executive Directors' salaries were reviewed with effect from 1 March 2018 in accordance with normal policy and were increased, taking into account the average salary increases for employees across the Group, by 2.5%.

The basic salaries for the Executive Directors from 1 March 2018 are as follows:

Executive Director	From 1 March 2018 £'000	From 1 March 2017 £'000
Nigel Newton	444	433
Richard Charkin ¹	239	142
Wendy Pallot ²	277	270
Jonathan Glasspool	236	230
Penny Scott-Bayfield ³	230	–

1. Richard Charkin resigned as a Director on 31 May 2018. He had reduced his time commitment to around two days per week from 1 March 2017, and at that point his salary was reduced accordingly. However, during 2017/18 he was required to work an average of more than two days per week to support strategic projects. Under his employment contract he was entitled to be paid on a per diem basis, which is reflected in the amount shown in the table above based on his actual amounts earned for the year to 28 February 2018. His actual earnings for the period from 1 March 2018 to 31 May 2018 are shown in the Directors' Remuneration table, immediately above this table under basic salary.
2. Wendy Pallot resigned as a Director on 16 July 2018. Her actual earnings for the period from 1 March 2018 to the date of her departure are shown in the Directors' Remuneration table, above.
3. Penny Scott-Bayfield joined the Board on 16 July 2018, on a salary in line with the Company's existing Remuneration Policy. Her actual earnings for the period from her appointment to 28 February 2019 are shown in the Directors' Remuneration table, above.

Pensions

In accordance with the policy, pension contributions in 2018 were 15% of basic salary for Nigel Newton, Wendy Pallot, Jonathan Glasspool and Penny Scott-Bayfield. Directors may elect to receive a cash alternative in lieu of payments by the Company into their private pension arrangements. There were no pension contributions made in respect of Richard Charkin.

Other benefits

Benefits comprised a car or car allowance (excluding Richard Charkin and Penny Scott-Bayfield), medical cover, permanent health cover, life assurance and Company schemes offered to staff generally, such as buying books for private use at the staff discount rate.

Bonus for 2019

The purpose of the Bloomsbury Annual Management Bonus Scheme ("the Scheme") is to incentivise annual delivery of financial and strategic goals. There are 40 staff in the scheme globally, including the Executive Directors. Seventy per cent of the bonus relates to Group profits and 30% relates to other strategic objectives, such as digital resource revenues and the successful implementation of Bloomsbury 2020 against plan.

The Remuneration Committee sets stretching annual targets for the profit element of the management bonus scheme, taking into account a wide set of reference points including, for example, Bloomsbury's historical performance to date, internal future projections in line with our business and growth plans, City analysts' consensus forecast, the full year budget, and external performance of any key relevant industry peers (both historic and analyst forecast).

Any payment under either element can only be made out of the bonus pool that accrues above the stretching target that the Committee sets. This results in value to Shareholders being accrued faster up to the profit target, and thereafter a higher proportion of profit funding the bonus scheme. This minimises the risk that our profit targets are not met and incentivises management to achieve profits over and above expectations.

Bloomsbury has operated the same bonus scheme for many years and the Committee believes that it remains fit-for-purpose. An indicator of this is that the Company has always made consensus results in the period of this scheme and secondly the scheme has paid bonus levels to management proportionate to the profit delivered.

Profit target bonus for 2019

The Group profit bonus objective accounts for 70% of the total bonus opportunity for Executive Directors. As set out in the Strategic Report, Bloomsbury delivered excellent performance for the year ended 28 February 2019, achieving profit before taxation and highlighted items ("Adjusted profit") of £14.4 million (£16.7 million before the profit bonus). At the start of the year, the Committee set a stretching threshold target for this Adjusted profit of £14.0 million, after assessing the Group's budget, analyst consensus forecasts and other factors. This resulted in a Senior Management bonus pool shared by 40 staff, including the Executive Directors, of £2.3 million sufficient to pay the full bonus element.

Directors' Remuneration Report

Strategic objectives bonus for 2019

Definition of the targets

At the start of the year, the Committee reviewed the 2018 objectives and decided to amend these by the removal of one concentrating on targets relating to the US business and the addition of a new objective focused on worldwide sales of the Group's most important revenue sources. Within these five objectives, threshold and stretching targets were set for each

Objective	Aim	Definition of the metric for measuring achievement	Target for threshold vesting (pays 50%)	Target for full vesting (pays 100%)	Actual	Achieved
1) Earlier profit realisation	Reduce the dependency on the final two months of the year	Metric: Measured Profit Definition: Adjusted profit as defined in the Annual Report Measurement: Measure the level of achievement as at 31 December 2018	Measured Profit of £9.6m	Measured Profit of £10.6m (Threshold plus 10%)	£12m	100%
2) Cost saving	Improve the efficiency of the Group	Metric: Measured Cost (note 2) Definition: Total of (marketing + distribution + administrative including commission) before BDR 2020 costs, bonus and forex movement Measurement: Flex the variable cost component in the target in proportion to Group revenue	Measured Cost to be £68.4m or less	Measured Cost to be £67.9m or less (Threshold less £0.5m)	£68.4m	50%
3) Sales development of six major properties	Improve revenue and earnings	Metric: Net revenue Definition: Net revenue as defined in the Annual Report Measurement: Net sales	Revenue of £48.7m	Sales of £51.1m (Threshold plus 5%)	£52.3m	100%
4) Inventory reduction	Reduce working capital and improve ROCE	Metric: Net finished goods stock value Definition: Net finished goods stock, excluding acquisitions and on a constant exchange rate basis Measurement: Audited figures disclosed in the Group Financial Statements	Net finished goods stock of £21.4m or less	Net finished goods stock to be £20.8m or less	£20.8m	100%
5) Digital revenue	Achieve the milestones within the Bloomsbury 2020 strategy	Metric: BDR 2020 Revenue Definition: Revenue accruing in the year from subscription and perpetual access sales of digital platforms	Revenue of £6.3m	Revenue of £6.9m (Threshold plus 10%)	£6.3m	50%

1. The level of vesting for achievement between threshold and full vesting targets is calculated on a straight-line basis from 50% to 100%

No vesting for achievement below threshold, 100% vesting for achievement above the full vesting target.

2. The Measured Cost excludes BDR 2020 strategy and any bonus accrual and is adjusted to exclude foreign exchange movements. An analysis of the Measured Cost used by the Committee is on the next page

	£m
Marketing	7.1
Distribution	14.1
Administrative	47.2
	68.4

The Committee sets the following allocations of opportunity for each strategic objective based on the relative importance to each Director as determined by the Committee:

Strategic Objective	Nigel Newton	Richard Charlton ¹	Wendy Pallot ¹	Jonathan Glasspool	Penny Scott-Bayfield ²
1) Earlier profit realisation	5%	5%	5%	5%	5%
2) Cost savings	5%	5%	10%	5%	10%
3) Sales development of six major properties	5%	5%	-	5%	-
4) Inventory reduction	5%	5%	5%	5%	5%
5) Digital revenue	10%	10%	10%	10%	10%
Total opportunity for the strategic objectives bonus as a percentage of basic salary	30%	30%	30%	30%	30%
Actual achievement of strategic element (within the overall total of 100%)	22.5%	22.5%	20%	22.5%	20%
Total bonus (including profit target bonus) paid at a rate of salary	92.5%	92.5%	90%	92.5%	90%

1. Richard Charlton resigned as a Director on 31 May 2018 and Wendy Pallot resigned on 16 July 2018. The Committee decided to exercise its discretion to permit them to participate in the 2019 bonus scheme in light of their contribution to the success of the Group during the year. Their bonus was prorated to their salaries paid during the year.
2. Penny Scott-Bayfield was appointed as a Director of the Company on 16 July 2018. Her bonus is prorated in line with her basic salary as earned during the year.

Vesting of PSP awards

The PSP awards granted on 8 June 2016 ("2016 PSP") are set to vest in 2019 based on performance over the three years ended 28 February 2019. The performance conditions for this award are mentioned in the letter from the Chair of the Committee at the start of this Report and disclosed in previous annual reports. The level of vesting for the 2016 PSP awards is as follows:

Metric	Performance condition	Threshold target	Stretch target	Actual	% Vesting
Relative Earnings per Share growth (50% of awards)	25% vesting for compound annual growth in normalised EPS over the performance period in excess of annualised RPI ("Relative EPS growth") 3% increasing pro rata to 100% vesting for Relative EPS growth of 8%	3%	8%	-4%	0% (out of a maximum of 50%)
Total Shareholder Return (50% of awards)	TSR against the constituents of the FTSE SmallCap (excluding investment trusts) Median (25% vesting of this part of an award) to top quartile (100% vesting) over three years from the start of the financial year in which the awards are granted. The awards have a concurrent performance condition that no vesting occurs for Relative EPS growth below 0%	Median	Upper quartile	N/A Concurrent target of Relative EPS growth >0% has not been met	0% (out of a maximum of 50%)
Total estimated vesting of 2016 PSP awards				0%	

Directors' Remuneration Report

Based on the above, values for the 2016 PSP awards are as follows:

Executive	Type of award	Number of shares at grant with EPS	Number of shares to lapse	Number of shares to vest	Number of Dividend Shares ¹	Total	Estimated value £'000
Nigel Newton	Conditional award	261,544	261,544	–	–	–	–
Richard Charkin ²	with EPS and TSR	213,642	213,642	–	–	–	–
Wendy Pallot ³	performance	157,530	157,530	–	–	–	–
Jonathan Glasspool	conditions	138,888	138,888	–	–	–	–

¹ Dividend Shares are in lieu of dividends that would have accrued on the "Number of shares to vest" if held by the participants from the date of grant up to the date of vesting of awards.

² Richard Charkin resigned as a Director on 31 May 2018 and his award lapsed.

³ Wendy Pallot resigned as Director on 16 July 2018 and her award lapsed.

PSP awards granted during 2019

Details of PSP awards granted in 2019 (2018 PSP award) are as follows.

Individual	Scheme	Date of grant	Base of award	Face value £'000	Vesting at Threshold	Vesting at Maximum	Performance period
Nigel Newton	PSP	30 July 2018	100% of salary	444	25%	100%	ROCE 3 years to
Penny Scott-Bayfield ¹	(Conditional	30 July 2018	100% of salary	230	25%	100%	28 February 2021 EPS
Jonathan Glasspool	awards)	30 July 2018	100% of salary	236	25%	100%	3 years to 28 February 2021

¹ Penny Scott-Bayfield's grant was based on 100% of her annual salary on her appointment. In fact, the Remuneration Committee had approved her award based on her actual salary for the year, being £141,746. It is the intention of both parties to correct this to reflect an award based on the value of that actual salary figure, at the date of grant. An RNS announcement will be made to the market in respect of this correction.

For awards presented above:

For 50% of awards (ROCE awards): 25% of this part of an award will vest for absolute Return On Capital Employed ("ROCE") of 13.1% or higher (nil vesting for below), increasing straight-line to 100% vesting of this part of an award for ROCE of 15.1% (100% for above), ROCE measured in the last Financial Year of the three-year performance period; and

For 50% of awards (EPS awards): 25% of this part of an award will vest for a compound annual growth rate in normalised EPS over the performance period in excess of annualised RPI ("Relative EPS growth") of 3% increasing pro rata to 100% vesting of this part of an award for a Relative EPS growth of 8%.

Payments to past Directors

There were no payments to past Directors during the year other than those relating to the termination of employment as set out in the next section.

Payments for loss of office

Richard Charkin resigned as Executive Director on 31 May 2018. There was no payment made to him in lieu of notice or on any ex gratia basis. His PSP awards and Sharesave options lapsed. All sundry benefits such as life insurance and family health care also lapsed. His annual bonus for 2019 was prorated for time served during the year and subject to the normal performance test. Richard Charkin continues to be available to work for the Company in his capacity as a consultant on an ad hoc basis. There has been no undertaking made either before or following his departure agreeing any minimum commitment to his services to the Group. Further details of his work as a consultant for the year are given on page 55.

Wendy Pallot stepped down as Finance Director on 16 July 2018. Her pension and annual bonus for 2019 were reduced pro rata for the time of service and her bonus for 2019 was paid after her leaving date at the usual time following the end of the 28 February 2019 year end. LTIP awards of Wendy Pallot that were unvested at her leaving date lapsed in full.

Outstanding share awards

PSP awards

PSP conditional share awards have been granted for nil consideration over Ordinary shares of 1.25 pence in the Company under the Bloomsbury 2014 Performance Share Plan ("2014 PSP"). The number of PSP conditional shares awarded is calculated based on the closing mid-market share price prevailing on the day before the date of grant. The following PSP conditional shares awarded to the Executive Directors were outstanding during the year.

	Date of PSP award	Due date of exercise/expiry	Price at grant date (pence)	At 1 March 2018	Awarded during the year	Exercised during the year	Lapsed during the year	Share price on date of exercise (pence)	At 28 February 2019
Nigel Newton	28 July 2015	28 July 2018	162.75p	255,238	-	-	255,238	-	-
	8 June 2016	8 June 2019	162.00p	261,544	-	-	-	-	261,544
	27 July 2017	27 July 2020	180.00p	240,689	-	-	-	-	240,689
	30 July 2018	30 July 2021	220.00p	-	201,851	-	-	-	201,851
Richard Charkin ¹	28 July 2015	28 July 2018	162.75p	208,480	-	-	208,480	-	-
	8 June 2016	8 June 2019	162.00p	213,642	-	-	213,642	-	-
	27 July 2017	27 July 2020	180.00p	78,638	-	-	78,638	-	-
Wendy Pallot ²	28 July 2015	28 July 2018	162.75p	153,732	-	-	153,732	-	-
	8 June 2016	8 June 2019	162.00p	157,530	-	-	157,530	-	-
	27 July 2017	27 July 2020	180.00p	150,000	-	-	150,000	-	-
Penny Scott-Bayfield ³	30 July 2018	30 July 2021	220.00p	-	104,545	-	-	-	104,545
Jonathan Glasspool	28 July 2015	28 July 2018	162.75p	67,588	-	-	67,588	-	-
	8 June 2016	8 June 2019	162.00p	138,888	-	-	-	-	138,888
	27 July 2017	27 July 2020	180.00p	127,812	-	-	-	-	127,812
	30 July 2018	30 July 2021	220.00p	-	107,188	-	-	-	107,188

¹ Richard Charkin resigned as a Director on 31 May 2018. His unvested awards lapsed.

² Wendy Pallot resigned as Director on 16 July 2018. Her unvested awards lapsed.

³ Penny Scott-Bayfield became a Director on 16 July 2018 and her award was granted on the basis of seven months service in the year of appointment. The conditional share award over 104,545 shares reflected her annual salary on appointment, rather than her actual salary for the remainder of the year to 28 February 2019. Accordingly, the award shown above will be reduced by 40,115 to 64,430 shares to correct the position.

EPS

For 50% of the awards¹: 25% of this part of an award will vest for a compound annual growth rate in normalised EPS over the performance period in excess of annualised RPI ("Relative EPS growth") of 3%, increasing pro rata to 100% vesting of this part of an award for a Relative EPS growth of 8%.

TSR

For 50% of the awards made in 2014, 2015¹ and 2016: 25% of this part of an award will vest for a median TSR, increasing to 100% vesting of this part of an award for a top quartile TSR, measured against the FTSE SmallCap (excluding investment trusts). Awards have a concurrent performance condition that no vesting occurs for Relative EPS growth below 0%.

¹ For PSP awards made in 2015 to Jonathan Glasspool in respect of his first year as a Director, 27% had TSR performance conditions and 73% have EPS performance conditions.

ROCE

For 50% of the awards made in 2017 and 2018: 25% of this part of the award will vest for absolute Return On Capital Employed ("ROCE") of 9.2% (2017) or 13.1% (2018) (nil vesting for below), increasing straight-line to 100% vesting of this part of an award for ROCE of 11.6% (2017) or 15.1% (2018) (100% for above), ROCE measured in the last Financial Year of the three-year performance period. Vesting is subject to an underpin whereby the Committee will consider the underlying performance of the business, and may apply discretion should it conclude it is appropriate to do so.

Directors' Remuneration Report

Company Share Option Plan

Bloomsbury operates the 2014 Company Share Option Plan ("2014 CSOP") under which the Committee may grant options over Ordinary shares of 125 pence in the Company with performance conditions determined by the Committee to participants below the Board. The outstanding 2014 CSOP options granted to Executive Directors prior to their appointment as a Director that the Remuneration Policy permits the Director to retain were:

	At 1 March 2018	Granted during the year	Lapsed during the year	At 28 February 2019	Exercise price ¹ (pence)	Date of grant	Vesting date ¹	Expiry date
Jonathan Glasspool	31,447	–	31,447	–	159.00p	10 July 2015	July 2018	July 2025

¹ The exercise price is the closing share price on the day before the grant date.

² CSOP options vest on the third anniversary of the grant date subject to an underpin condition of compound annual growth rate in normalised EPS over the three-year performance period in excess of annualised NP1 ("Relative EPS growth") of 0%. CSOP options granted in 2015 failed to meet the underpin condition.

Sharesave options

Bloomsbury operates an HMRC-approved Sharesave scheme for which all UK employees are eligible to participate. There was no Sharesave offer made to any staff in 2019. The following Sharesave options granted to the Executive Directors were outstanding at the year end:

	At 1 March 2018	Granted during the year	Exercised during the year	Lapsed during the year	At 28 February 2019	Exercise price (pence)	Date of grant	Date from which exercisable	Expiry date
Richard Charkin	6,346	–	–	6,346	–	141.8p	16 June 2015	Sept 2018	Mar 2019
Wendy Pallot	6,346	–	–	6,346	–	141.8p	16 June 2015	Sept 2018	Mar 2019
Jonathan Glasspool	3,808	–	3,808	–	–	141.8p	16 June 2015	Sept 2018	Mar 2019
	6,550	–	–	–	6,550	137.4p	12 June 2017	Sept 2020	Mar 2021

Directors' interests in shares

The interests of the Directors who served on the Board during the year are set out in the table below:

	Owned ²		PSP Awards		CSOP options unvested	Sharesave options unvested	Total 28 February 2019	Shareholding Guideline Achieved ¹ %
	28 February 2019	28 February 2018	Unvested	Vested				
Nigel Newton	1,017,263	1,147,263	704,084	–	–	–	1,721,347	100%
Richard Charkin ³	–	360,680	–	–	–	–	–	n/a
Wendy Pallot ⁴	–	139,536	–	–	–	–	–	n/a
Penny Scott-Bayfield ⁵	–	–	104,545	–	–	–	104,545	0%
Jonathan Glasspool	31,046	27,238	373,888	–	–	6,550	411,484	30.5%
Sir Richard Lambert	10,000	10,000	–	–	–	–	10,000	n/a
Jill Jones	2,800	2,800	–	–	–	–	2,800	n/a
John Warren	10,000	10,000	–	–	–	–	10,000	n/a
Steven Hall	3,171	3,171	–	–	–	–	3,171	n/a
Total	1,074,450	1,700,858	1,182,517	–	–	6,550	2,263,517	

¹ The Shareholding Guideline (100% of salary) was introduced during the year ended 28 February 2013 and can be found on the Company's website www.bloomsbury-nl.co.uk. The guideline requires that the Executive Director must retain shares vesting from the PSP awards net of tax until the shareholding guideline has been met. The number of shares needed to satisfy a shareholding is recalculated at the close of the next business day following the announcement of the full year results (the "Review Date"). The share price used above is 232 pence (determined by closing price of shares the day after annual results are announced).

² Owned includes shares held directly by the Director and indirectly by a nominee on behalf of the Director where the Director has the beneficial interest. It includes the shares of the Director and of connected persons.

³ Richard Charkin resigned as a Director on 31 May 2018. His share awards lapsed upon his departure.

⁴ Wendy Pallot resigned as a Director on 16 July 2018. Her share awards lapsed upon her departure.

⁵ Penny Scott-Bayfield became a Director on 16 July 2018. The conditional share award over 104,545 shares in fact reflected her annual salary on appointment, rather than her actual salary for the remainder of the year to 28 February 2019. Accordingly, the award shown above will be reduced by 40,115 shares to one over 64,430 shares to correct this.

No Director has or has had any interest, direct or indirect, in any transaction, contract or arrangement (excluding service agreements) which is or was unusual in its nature or conditions or significant to the business of the Group during the current or immediately preceding financial year.

Implementation of Remuneration Policy in 2020

From 1 March 2019, the Executive Directors received a pay increase of 2.5% in line with the increase for the general workforce

Basic salaries for the Executive Directors are as follows:

Executive Director	From 1 March 2019 £'000	From 1 March 2018 £'000
Nigel Newton	455	444
Richard Charkin ¹	–	363
Wendy Pallot ²	–	276
Penny Scott-Bayfield ²	236	–
Jonathan Glasspool	242	236

¹ Richard Charkin resigned as a Director on 31 May 2018. From 1 March 2018, he worked on a day rate of £1,395 plus pro rata holiday accrual which reflected an annualised salary of £362,720.

² Wendy Pallot stood down from the Board on 16 July 2018. Penny Scott-Bayfield joined the Board on 16 July 2018 at an annual salary of £230,800. Her salary was below that of her predecessor, and below the mid-market rate, on the basis that she would progress towards a mid-market level once her expertise and performance had been proven and sustained, in line with the Company's approach to recruitment. For 2019 it is proposed that the salary increase be limited to that of the wider workforce. It is intended that a market benchmark review is undertaken and any increase would be effective from July 2020 after a suitable period to assess expertise and performance.

Pension and benefits

In 2020, pension contributions (as a percentage of base salary) for Executive Directors will remain unchanged at 15%. There will be no changes to other benefits.

Annual bonus

For 2020, the maximum bonus potential will continue to be set at 100% of salary. The maximum bonus measured against financial profit targets (70%) and strategic objectives (30%) including a digital revenue target linked to Bloomsbury 2020, will account for 10% of the total bonus opportunity. The strategic element will not formulaically be linked to the threshold profit target but will instead be subject to an affordability and performance assessment by the Committee. Both the measures and targets will be disclosed retrospectively in the Annual Report on Remuneration.

Long-term incentives

The annual PSP awards to be granted in 2020 will be subject to the following targets:

- * relative EPS (50%) – 25% of this part of an award will vest for annualised growth in EPS over the performance period of RPI + 3% increasing pro rata to 100% vesting for annualised growth in EPS over the performance period of RPI + 8%, and
- * ROCE (50%) – 25% of this part of an award will vest for achieving ROCE at the end of the performance period of 12.2% increasing pro rata to 100% vesting for ROCE over the performance period of 15.3%
- * In determining these targets the Committee considers that
 - the threshold vesting absolute target for the financial year ending in 2022 (the final year of the performance period) ensures there will be no vesting unless ROCE improves compared to the highest value for ROCE achieved in each of the financial years ended 2019, 2018 and 2017,
 - the full vesting target requires management to deliver stretching performance. Full vesting, if achieved, would require a substantial improvement in ROCE from the present level.

ROCE for the recent financial years of the Company can be found in the Financial Review section of the Strategic Report.

The awards for Executive Directors will be subject to clawback provisions and to a two-year post-vesting holding period. During the holding period, an Executive Director (including if they stand down from the Board) may not sell their vested shares, which will remain subject to a clawback provision.

The Remuneration Committee has approved that the Executive Directors may participate in the Company's Sharesave scheme if operated.

Directors' Remuneration Report

Non-Executive Directors

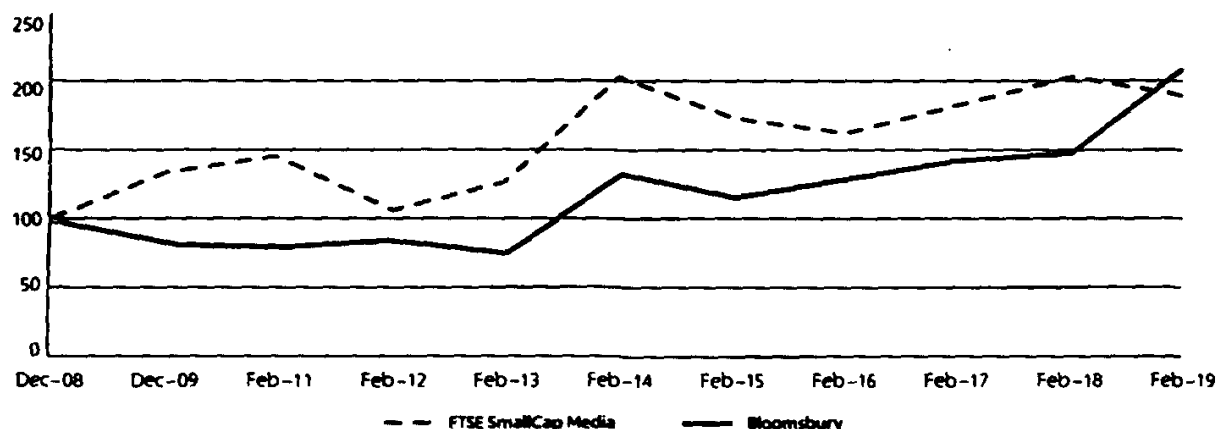
Current annualised fees are as follows

Non-Executive Director	Position	From 1 March 2019 £'000	From 1 March 2018 £'000
Sir Richard Lambert	Chairman of the Board, Chair of the Nomination Committee	110	108
John Warren	Chair of the Audit Committee and Senior Independent Director	42	41
Jill Jones	Chair of the Remuneration Committee	42	41
Steven Hall	Independent Non-Executive Director	39	38

PART B-2 (UNAUDITED INFORMATION)

Performance graph and table

The chart below shows the Company's Total Shareholder Return for the period from 31 December 2009 to 28 February 2019 compared to that of the FTSE SmallCap Media sector index over the same period. The index has been selected as it represents a broad equity market index, of which the Company is a constituent member



The chart aligns to the Company's accounting period, which was extended during the 14 months to 28 February 2011

The total remuneration figures for the Chief Executive during each of the financial years of the relevant period are shown in the table below

The total remuneration figure includes the annual bonus based on that year's performance and PSP awards based on three-year performance periods ending in the relevant year (EPS) or just after the relevant year (TSR). The annual bonus payout and PSP vesting level as a percentage of the maximum opportunity are also shown for each of these years.

Year ending:	31 Dec 2009	28 Feb 2011	29 Feb 2012	28 Feb 2013	28 Feb 2014	28 Feb 2015	29 Feb 2016	28 Feb 2017	28 Feb 2018	28 Feb 2019
Total remuneration (£'000)	637	974 ¹	785	617	749	799	547	689	909	951
Annual bonus (%)	51%	100%	54%	0%	17%	16%	0%	42%	88%	92.5%
PSP vesting (%)	0%	0%	50%	50%	50%	56%	17%	0%	0%	0%

¹ Covers a period of 14 months due to the change of Accounting Reference Date

Percentage change in Chief Executive's remuneration

The table below shows the percentage change in the Chief Executive's salary, benefits and annual bonus between the financial year ended 28 February 2018 and 28 February 2019, compared to that of the total remuneration for all employees of the Company for each of these elements of pay

	Total remuneration		% change
	Year ended 28 February 2019	Year ended 28 February 2018	
Salary			
Chief Executive (£'000)	444	433	2.5%
All employees (£m)	27.8	25.6	8.6%
Benefits including pension			
Chief Executive (£'000)	96	92	4.3%
All employees (£m)	1.5	1.2	25%
Annual bonus			
Chief Executive (£'000)	411	384	7.0%
All employees (£m)	2.3	2.3	0%
Average number of employees	683	627	8.9%

Relative importance of spend on pay

The following table shows the Company's actual spend on pay (for all employees) relative to dividends.

	Year ended 28 February 2019	Year ended 28 February 2018
Staff costs (£m)	34.8	31.9
Dividends declared (£m)	6.0	5.6
Retained profits (£m) ¹	3.6	3.0

¹ Retained profits for 2019 and 2018 reflect the impact of adopting IFRS 9 and 15

Voting at the Annual General Meeting

At the Annual General Meeting of 18 July 2018 the Annual Statement by the Chairman of the Remuneration Committee and the Annual Report on Directors' Remuneration for the financial year ended 28 February 2018 was put to an advisory vote. The voting outcomes were as follows.

	Number of shares	Percentage of the vote
Votes cast in favour	44,052,869	99.2%
Votes cast against	331,431	0.8%
Total votes cast	44,384,300	100%
Abstentions on voting cards	7,434	

The Remuneration Policy was last put to Shareholders at the Annual General Meeting held on 18 July 2017 as an ordinary resolution. The voting outcomes were as follows

	Number of shares	Percentage of the vote
Votes cast in favour	57,376,766	99.5%
Votes cast against	309,752	0.5%
Total votes cast	57,686,518	100%
Abstentions on voting cards	14,432	

Directors' Remuneration Report

Remuneration Committee

Responsibilities and activities of the Committee

The Committee determines the Remuneration Policy and annual remuneration plans for the Executive Directors for approval by the Board. In particular, the Committee approves for each Executive Director the basic salaries, pensions, other benefits, bonus awards and the awards made under Bloomsbury's Long Term Incentive Plan. The Committee approves all payments of bonus and the vesting and exercise of share-based awards before payments are made for each Executive Director.

During 2019, the Committee reviewed its role in respect of determining the remuneration of senior management under the 2018 Code. This responsibility would arise in the year ending 29 February 2020. After due consideration and discussion at both the Committee and the Board level it was decided that the Committee would monitor the remuneration of senior managers. This would be in addition to its existing responsibility to approve the grant and vesting of share incentives. The Executive Directors would remain responsible for remuneration for senior management.

In respect of this and other changes under the 2018 Code, it was agreed that the Committee would review and amend its terms of reference during 2020.

Membership

At 28 February 2019, and up until signing the Report, the Committee comprised four Independent Non-Executive Directors as follows.

Director	Appointed in the year (if applicable)	Resigned in the year (if applicable)
Jill Jones (Chair of the Committee)	-	-
Sir Richard Lambert	-	-
Steven Hall	18 July 2018	-
John Warren	-	-

The General Counsel and Group Company Secretary, Maya Abu-Deeb, acts as secretary to the Committee. All meetings have been conducted during the year with all members present. The Committee met formally on six occasions during the year, including five occasions with Executive Directors attending part of a meeting at the request of the Committee for specific items on the agenda. The remuneration consultants Aon plc ("Aon" - also known as New Bridge Street) attended where needed to provide technical support. Examples of matters discussed at meetings of the Committee included:

- * reviewing the Remuneration Policy, the operation of the LTIP, including awards under it, annual bonus targets and whether bonus targets and LTIP vesting criteria were achieved;
- * Executive Director pay;
- * gender pay differences in the workforce; and
- * the changes introduced by the 2018 Code.

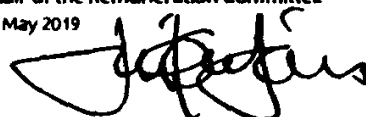
The Committee Chair has a standing item on the agenda at each main Board meeting, enabling remuneration matters to be raised for discussion by the Board if required.

Assistance to the Committee

Wholly independent advice on executive remuneration and share schemes was received from the Executive Compensation practice of Aon. Aon is a member of the Remuneration Consultants Group and is a signatory to its Code of Conduct. During the year, fees charged by Aon for advice provided to the Committee amounted to £25,534 (2018: £6,758) (excluding VAT). The Committee received assistance from the Group Company Secretary and, where specifically requested by the Committee, the Chief Executive and Finance Director. The Committee has considered any feedback received from the major Shareholders during the year as part of Bloomsbury's ongoing investor relations programme and considers the reports and recommendations of Shareholder representative bodies and corporate governance analysts.

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

Jill Jones
Chair of the Remuneration Committee
21 May 2019



**Group financial
performance**

Adjusted profit before tax

+9%

£14.4m

Revenue growth

+1%*

£162.7m

Robust cash generation

£27.6m

cash at 28 February 2019

Dividend increased

+6%

* 1% at constant exchange rates

Financial Statements

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Independent Auditor's Report

to the members of Bloomsbury Publishing Plc

1 Our opinion is unmodified

We have audited the financial statements of Bloomsbury Publishing Plc ("the Company") for the year ended 28 February 2019 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated and Company Statement of Cash Flows and the related notes, including the accounting policies in note 2

In our opinion:

- * the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 28 February 2019 and of the Group's profit for the year then ended;
- * the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- * the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006, and
- * the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee

We were first appointed as auditor by the directors on 4th September 2013. The period of total uninterrupted engagement is for the 6 financial years ended 28 February 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

The risk

Our response

The impact of uncertainties due to the UK exiting the European Union on our audit

Refer to page 29 (principal risks), page 25 (viability statement), page 51 (Audit Committee Report), page 91 (accounting policy) and page 110 to 111 (financial disclosures)

Unprecedented levels of uncertainty

All audits assess and challenge the reasonableness of estimates, in particular as described in valuation of Goodwill below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's future prospects and performance.

In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the directors' statement that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.

We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:

- ✱ **Our Brexit knowledge** – We considered the directors' assessment of Brexit-related sources of risk for the Group's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks.
- ✱ **Sensitivity analysis** – When addressing valuation of Goodwill and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty.
- ✱ **Assessing transparency** – As well as assessing individual disclosures as part of our procedures on valuation of Goodwill we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks.

Our results

As reported under valuation of Goodwill, we found the resulting estimates and related disclosures of Goodwill and disclosures in relation to going concern to be acceptable. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Independent Auditor's Report

to the members of Bloomsbury Publishing Plc

The risk	Our response
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Carrying value of Goodwill (Academic & Professional) – £35.9m (2018: £33.3m)
Refer to page 51 (Audit Committee Report), page 95 (accounting policy) and pages 110 to 111 (financial disclosures) Risk vs 2018 ◀▶

Forecast based valuation

The Group has completed a number of acquisitions in the past six years with the majority being integrated into the Academic & Professional division, this constitutes a single cash generating unit for impairment testing. The recoverability of goodwill associated with the Academic & Professional division is dependent on achieving forecast trading and realising acquisition synergies. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting future cash flows and selection of an appropriate discount rate, which are the basis of the assessment of recoverability.

The effect of these matters is that, as part of our risk assessment, we determined that the value in use of goodwill has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 11) disclose the sensitivity estimated by the Group

Our procedures included:

- * **Benchmarking assumptions:** We challenged the Group's assumptions by comparing to externally derived data in relation to key inputs such as projected economic growth and cost inflation.
- * **Our sector experience:** We used our sector experience, with reference to other sources of data, to assess the appropriateness of the discount rate for each cash generating unit. We challenged the judgements and assumptions used by the Group in their calculation based on our knowledge of the business.
- * **Sensitivity analysis:** We performed breakeven analysis on the assumptions noted above and considered the likelihood that the drivers of breakeven would arise
- * **Historical comparisons:** We considered the historical accuracy of key assumptions by comparing the accuracy of the previous estimates of revenue and cost growth to the actual amounts realised
- * **Assessing transparency:** We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill.

Our results

We found the resulting estimate of the recoverable amount of goodwill to be acceptable (2018 result: acceptable).

The risk	Our response
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Revenue returns provision – Group £8.5m (2018: £7.9m), Company £3.4m (2018: £2.8m)
Refer to page 27 (Audit Committee Report), pages 93 to 94 (accounting policy) and pages 101 to 104, 116 and 138 (financial disclosures) Risk vs 2018 ◀▶

Subjective Estimate

The Group typically sells its books on a sale or return basis, and presents revenue net of estimated returns in the financial statements

The Group provides for returns based on past experience using a one year average method. Estimating the level of returns from customers is subjective in nature due to the inherent uncertainty involved in forecasting returns particularly due to the longer period of returns allowed in the industry.

The effect of these matters is that, as part of our risk assessment, we determined that the provision for returns has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 18) disclose the sensitivity estimated by the Group

Our procedures included:

- * **Assessing application:** We evaluated whether the Group's sales returns policy was consistently applied and remained appropriate, reflecting the underlying trends in the data and with regard to relevant accounting standards.
- * **Historical comparisons:** We obtained evidence of actual returns received in the current year and compared to prior year's provision to assess historical accuracy of the Group's provisions.
- * **Tests of details:** We tested the inputs used in the returns provision calculations at 28 February 2019 by agreeing inputs such as historical sales and returns experienced to underlying records of the Group.

Our Results

From the evidence obtained, we considered the level of the sales returns provision to be acceptable (2018: acceptable)

The risk

Our response

Recoverability of advances – Group £22.7m (2018: £22.3m), Company £10.8m (2018: £10.3m)

Refer to page 51 (Audit Committee Report), page 97 (accounting policy) and page 115 and 138 (financial disclosures) Risk vs 2018 ◀▶

Subjective Estimate

The Group pays royalty advances to its authors prior to the delivery of a manuscript. The Group recovers these advances from future sales by deductions of royalties due to the author under the terms of the relevant royalty agreements

The advances balance is made up of a significant number of individual advances to authors and requires the Group to forecast future sales to monitor recoverability of advances

Where insufficient sales are forecast by the Group for the advance to be recovered in full, a provision is recorded against that advance

There is inherent uncertainty regarding the estimation of future sales of individual titles arising from the changes in the economic environment and the popularity of titles.

The effect of these matters is that, as part of our risk assessment, we determined that the carrying value of advances has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.

Our procedures included:

✱ **Historical comparisons:** We have challenged the Group's forecasts for future royalty payments, which offset against the unearned advance, by assessing historical accuracy of future sales forecasts across a sample of unearned advance balances

✱ **Our sector experience:** We have challenged any specific adjustments made by the Group to the historical trends in arriving at the final provision and provided challenge on how such a position was derived. This involved considering specific promotions, film tie-ins, future book releases or planned market events which could have a material impact on the recoverability of the advances.

Our results

We found the resulting estimate of the carrying value of advances to be acceptable (2018: acceptable)

The risk

Our response

Acquisition of I.B. Tauris & Co. Limited ("IBT") - £3.2m intangible assets acquired (2018: £n/a)

Refer to page 51 (Audit Committee Report), page 93 (accounting policy) and pages 109 to 110 (financial disclosures) New Risk for 2019

Forecast based valuation

The Group has made a material acquisition in the year, purchasing IBT for a total cash consideration of £5.6m

As a result of the acquisition, in accordance with IFRS 3 Business Combinations, management has performed a fair value assessment of the identified acquired intangible assets

The valuation of the identified intangible assets requires management to make an estimate over the value of each asset identified which is reliant on a number of key input assumptions.

The effect of these matters is that, as part of our risk assessment, we determined that the valuation of acquired intangible assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.

Our procedures included:

✱ **Our valuation expertise:** Use of our own valuation specialists to assess the appropriateness of the intangible assets identified and the valuation methodology applied and challenge key assumptions such as discount rate based on our sector expertise.

✱ **Benchmarking assumptions:** Comparing the Group's assumptions to internally and externally derived data in relation to the key inputs

✱ **Historical comparisons:** Assessing the completeness of intangible assets identified against comparable market transactions. Challenging growth assumptions by comparing to recent historical trading performance.

Our results

We found the resulting estimate of the valuation of the acquired intangible assets to be acceptable (2018: not applicable)

Independent Auditor's Report

to the members of Bloomsbury Publishing Plc

The risk	Our response
Revenue recognised from contracts - £8.5m (2018: £8.7m) Refer to page 51 (Audit Committee Report), pages 93 to 94 (accounting policy) and pages 101 to 104 (financial disclosures) New Risk for 2019	
Accounting judgement There are contracts entered into by the Group for Rights and Services revenue (including sales of copyright and trademarks) that are complex. These arrangements may include, the licensing or outright sale of the Group's intellectual property, the provision of ongoing consultancy services, or a bundled combination of these. The complexity of the contractual terms requires the Group to make judgements in assessing performance obligations, and when these obligations have been met under the contract to allow revenue to be recognised. The Group is also required to make judgement in allocating fair value of the consideration to each performance obligation included in a bundled arrangement, especially in instances where fair value of the individual deliverables is not observable on the open market. The Group have applied IFRS 15 in the financial year, which has required re-assessment of these factors for contracts entered into in previous years. As a result, the above is a key audit matter.	For all individually significant Rights and Services contracts signed during the year and open contracts from previous years requiring reassessment under IFRS 15, our procedures included: * Assessing application: Critically assessing the Group's identification of performance obligations and determination of fair value for each deliverable in a bundled arrangement by reference to contractual terms and other available sources of information on fair value. * Test of details: Obtaining evidence that the Group had fulfilled its obligations under the contract so as to recognise revenues. Our results The results of our testing were satisfactory and we considered the amount of revenue recognised from Rights and Services contracts to be acceptable (2018: not applicable).

The risk	Our response
Recoverability of inventory – Group £26.1m (2018: £26.7m), Company £6.2m (2018: £6.0m) Refer to page 51 (Audit Committee Report), page 96 (accounting policy) and pages 115 and 137 (financial disclosures) Risk vs 2018 ▼	
Subjective estimate The Group has significant inventory balances which could be at risk of obsolescence if stock levels exceed future sales volumes at a selling price no less than cost. The Group provides against stock based on past experience; the provision applied varies by geographical location of the stock and the division. There is an inherent uncertainty in estimates of future sales volume and the related estimates of stock obsolescence. We note the significance of the risk is reducing in accordance with the Group's focus on reducing inventory balances over the course of the year. The effect of these matters is that, as part of our risk assessment, we determined that the carrying value of inventory has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.	Our procedures included: * Our sector experience: We have challenged, based on our knowledge of the business, any specific adjustments made to the provision that would have been recorded under the standard policy, obtaining support for changes to the assumptions used, such as historical stock turnover period. * Historical comparisons: We considered the historical accuracy of key assumptions by comparing, on a sample basis, the accuracy of the previous estimates of future sales volume to actual sales volumes. * Test of detail: We assessed whether inventory was recorded at the lower of cost and net realisable value by comparing, on a sample basis, the recorded unit cost of stock against the market sales price at the time of testing, to assess whether a provision should have been recorded. Our results We found the resulting estimate of the carrying value of inventory to be acceptable (2018: acceptable).

The risk

Our response

Parent: Recoverability of parent company's investment in subsidiaries – £83.3m (2018: £78.8m)

Refer to page 51 (Audit Committee Report), page 134 (accounting policy) and page 136 (financial disclosures) Risk vs 2018 ◀▶

Low risk, high value

The carrying amount of the parent company's investments in subsidiaries represents 49.4% (2018: 47.8%) of the parent company's total assets. Their recoverability is not at high risk of significant misstatement or subject to significant judgement, however there have been previous Group reorganisations and as such a value in use impairment test was performed. Due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit

Our procedures included:

- * **Tests of detail:** Comparing the carrying amount of 100% of the investment balance with the relevant subsidiaries' value in use were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making.
- * **Assessing subsidiary audits.** Considering the results of our audit work on the profits and net assets of those subsidiaries.

Our results

We found the Group's assessment of the recoverability of the investment in subsidiaries to be acceptable (2018: acceptable)

Independent Auditor's Report

to the members of Bloomsbury Publishing Plc

3 Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £595,000 (2018: £520,000), determined with reference to a benchmark of Group profit before tax (of which it represents 4.9% (2018: 4.5%)).

Materiality for the parent company financial statements as a whole was set at £505,000 (2018: £494,000), determined with reference to a benchmark of the Company's profit before tax, of which it represents 5.1% (2018: 4.5%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £29,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 4 (2018: 4) reporting components, we subjected 2 (2018: 2) to full scope audits for Group purposes. Audits for Group purposes were performed at the reporting components in the UK and the USA, covering 90% of total Group revenue (2018: 90%), 98% of Group profit before tax (2018: 97%) and 91% of Group total assets (2018: 94%).

The Group audit team has performed the audit of both the UK (parent company) and USA components, and has addressed the significant risk areas detailed above. The Group team approved the following component materialities, having regard to the mix of size and risk profile of the Group across the components:

* UK £505,000 (2018: £494,000)

* USA £267,000 (2018: £241,000)

The remaining 10% of total Group revenue, 2% of Group profit before tax and 9% of total Group assets is represented by 2 reporting components, neither of which individually represented more than 7% of any of total Group revenue, Group profit before tax or total Group assets. For these residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

4 We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model, including the impact of Brexit, and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if:

- * we have anything material to add or draw attention to in relation to the directors' statement in Note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- * the related statement under the Listing Rules set out on page 47 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- * we have not identified material misstatements in the strategic report and the directors' report,
- * in our opinion the information given in those reports for the financial year is consistent with the financial statements, and
- * in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- * the directors' confirmation within the viability statement (page 52) that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- * the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- * the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the viability statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- * we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, or
- * the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee, or
- * a corporate governance statement has not been prepared by the company.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

Independent Auditor's Report

to the members of Bloomsbury Publishing Plc

Based solely on our work on the other information described above

- * with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures
- * we have not identified material misstatements therein; and
- * the information therein is consistent with the financial statements; and
- * in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority

6 We have nothing to report on the other matters on which we are required to report by exception

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

- * adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- * the parent Company financial statements and the part of the Directors' Remuneration Report to be audited 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

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 46, the directors are responsible for the preparation of the financial statements including being satisfied that they give a true and fair view, such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so

Auditor's responsibilities

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 other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

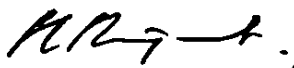
Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect: health and safety and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8 The purpose of our audit work and to whom we owe our responsibilities

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.

Sarah Styant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London
E14 5GL
21 May 2019



Consolidated Income Statement

For the year ended 28 February 2019

	Notes	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Revenue	3	162,679	161,510
Cost of sales		(74,922)	(77,155)
Gross profit		87,757	84,355
Marketing and distribution costs		(22,053)	(22,814)
Administrative expenses		(53,735)	(50,000)
Operating profit before highlighted items		14,294	13,114
Highlighted items	4	(2,325)	(1,573)
Operating profit	4	11,969	11,541
Finance income	6	130	151
Finance costs	6	(50)	(48)
Profit before taxation and highlighted items		14,374	13,217
Highlighted items	4	(2,325)	(1,573)
Profit before taxation		12,049	11,644
Taxation	7	(2,802)	(2,574)
Profit for the year attributable to owners of the Company		9,247	9,070
Earnings per share attributable to owners of the Company			
Basic earnings per share	9	12.37p	12.15p
Diluted earnings per share	9	12.25p	12.06p

The notes on pages 91 to 129 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 28 February 2019

	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Profit for the year	9,247	9,070
Other comprehensive income		
Items that may be reclassified to the income statement		
Exchange differences on translating foreign operations	964	(3,943)
Items that may not be reclassified to the income statement		
Remeasurements on the defined benefit pension scheme	(5)	27
Other comprehensive income for the year net of tax	959	(3,916)
Total comprehensive income for the year attributable to the owners of the Company	10,206	5,154

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 7

Consolidated Statement of Financial Position

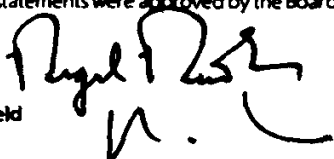
As at 28 February 2019

	Notes	28 February 2019 £'000	28 February 2018 £'000
Assets			
Goodwill	11	44,895	42,139
Other intangible assets	12	21,890	19,885
Investments	13	300	300
Property, plant and equipment	14	2,110	2,083
Deferred tax assets	15	2,376	2,092
Trade and other receivables	17	1,360	1,530
Total non-current assets		72,931	68,029
Inventories	16	26,076	26,677
Trade and other receivables	17	80,506	76,857
Cash and cash equivalents		27,580	25,428
Total current assets		134,162	128,962
Total assets		207,093	196,991
Liabilities			
Retirement benefit obligations	23	121	170
Deferred tax liabilities	15	2,360	1,993
Provisions	20	147	57
Total non-current liabilities		2,628	2,220
Trade and other liabilities	18	60,644	55,185
Provisions	20	83	23
Total current liabilities		60,727	55,208
Total liabilities		63,355	57,428
Net assets		143,738	139,563
Equity			
Share capital	21	942	942
Share premium	21	39,388	39,388
Translation reserve	21	8,651	7,687
Other reserves	21	7,118	6,455
Retained earnings	21	87,639	85,091
Total equity attributable to owners of the Company		143,738	139,563

The financial statements were approved by the Board of Directors and authorised for issue on 21 May 2019

J N Newton
Director

P Scott-Bayfield
Director



Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Translation reserve £'000	Merger reserve £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Own shares held by EBT £'000	Retained earnings £'000	Total equity £'000
At 28 February 2017	942	39,388	11,630	1,803	22	5,492	(1,043)	81,065	139,299
Profit for the year	-	-	-	-	-	-	-	9,070	9,070
Other comprehensive income									
Exchange differences on translating foreign operations	-	-	(3,943)	-	-	-	-	-	(3,943)
Remeasurements on the defined benefit pension scheme	-	-	-	-	-	-	-	27	27
Total comprehensive income for the year	-	-	(3,943)	-	-	-	-	9,097	5,154
Transactions with owners									
Dividends to equity holders of the Company	-	-	-	-	-	-	-	(5,041)	(5,041)
Deferred tax on share-based payment transactions	-	-	-	-	-	-	-	(30)	(30)
Share-based payment transactions	-	-	-	-	-	181	-	-	181
Total transactions with owners of the Company	-	-	-	-	-	181	-	(5,071)	(4,890)
At 28 February 2018	942	39,388	7,687	1,803	22	5,673	(1,043)	85,091	139,563
Adjustment on initial application of IFRS 15 net of tax (see note 2w)	-	-	-	-	-	-	-	(857)	(857)
Adjustment on initial application of IFRS 9 net of tax (see note 2x)	-	-	-	-	-	-	-	(200)	(200)
At 28 February 2018 (restated)	942	39,388	7,687	1,803	22	5,673	(1,043)	84,034	138,506
Profit for the year	-	-	-	-	-	-	-	9,247	9,247
Other comprehensive income									
Exchange differences on translating foreign operations	-	-	964	-	-	-	-	-	964
Remeasurements on the defined benefit pension scheme	-	-	-	-	-	-	-	(5)	(5)
Total comprehensive income for the year	-	-	964	-	-	-	-	9,242	10,206
Transactions with owners									
Dividends to equity holders of the Company	-	-	-	-	-	-	-	(5,655)	(5,655)
Unclaimed dividends	-	-	-	-	-	-	-	12	12
Share options exercised	-	-	-	-	-	-	241	(27)	214
Deferred tax on share-based payment transactions	-	-	-	-	-	-	-	33	33
Share-based payment transactions	-	-	-	-	-	422	-	-	422
Total transactions with owners of the Company	-	-	-	-	-	422	241	(5,637)	(4,974)
At 28 February 2019	942	39,388	8,651	1,803	22	6,095	(802)	87,639	143,738

Consolidated Statement of Cash Flows

For the year ended 28 February 2019

	Notes	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Cash flows from operating activities			
Profit for the year		9,247	9,070
Adjustments for:			
Depreciation of property, plant and equipment	14	470	434
Amortisation of intangible assets	12	4,139	4,002
Finance income	6	(130)	(151)
Finance costs	6	50	48
Share-based payment charges	22	498	202
Tax expense	7	2,802	2,574
		17,076	16,179
Decrease in inventories		2,315	1,399
Decrease/ (increase) in trade and other receivables		5,834	(2,529)
(Decrease)/ increase in trade and other liabilities		(7,702)	6,969
Cash generated from operating activities		17,523	22,018
Income taxes paid		(2,529)	(3,049)
Net cash generated from operating activities		14,994	18,969
Cash flows from investing activities			
Purchase of property, plant and equipment		(456)	(314)
Purchase of intangible assets		(2,898)	(2,808)
Purchase of business, net of cash acquired		(4,004)	–
Purchase of other investments		–	(300)
Interest received		116	139
Net cash used in investing activities		(7,242)	(3,283)
Cash flows from financing activities			
Equity dividends paid	19	(5,655)	(5,041)
Proceeds from exercise of share options	19	214	–
Repayment of overdraft	19	(201)	–
Interest paid	19	(34)	(31)
Net cash used in financing activities	19	(5,676)	(5,072)
Net increase in cash and cash equivalents		2,076	10,614
Cash and cash equivalents at beginning of year		25,428	15,478
Exchange gain/(loss) on cash and cash equivalents		76	(664)
Cash and cash equivalents at end of year		27,580	25,428

Notes to the Financial Statements

Accounting Policies

1. Reporting entity

Bloomsbury Publishing Plc (the "Company") is a company domiciled in the United Kingdom. The address of the Company's registered office can be found on page 145. The consolidated financial statements of the Company as at and for the year ended 28 February 2019 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the publication of books and other related services.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations adopted by the European Union ("EU") at the time of preparing these financial statements and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention and on a going concern basis.

c) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review on pages 5 to 37. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 12 to 17. In addition, note 24 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposures to credit risk and liquidity risk.

The Directors believe that the Group's diversification of product and geographical spread together with its monitoring and forecasting processes place the Group well in managing its business risks. The Group's forecasts and projections, taking into account reasonable possible changes in trading performance, indicate that the Group is able to operate within the level of its current available facilities including compliance with the bank facility covenants. Details of the bank facility and its covenants are shown in note 24c.

After making enquiries of senior management and reviewing cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence at least until June 2020, being the period of the detailed going concern assessment reviewed by the Board. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Critical judgements and areas where the use of estimates is significant are disclosed in note 2v.

Notes to the Financial Statements

Accounting Policies

e) Application of new and amended standards and interpretations

The following amendments and interpretations were introduced to accounting standards relevant to the Group during the year ended 28 February 2019. The table below summarises the impact of these changes to the Group.

Accounting standard	Description of change	Impact on financial statements
IFRS 15 Revenue from Contracts with Customers	A description and the impact of the adoption of IFRS 15 Revenue from Contracts with Customers is set out in note 2w.	
IFRS 9 Financial Instruments	A description and the impact of the adoption of IFRS 9 Financial Instruments is set out in note 2x.	
Other standards	A number of other new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018.	The standards and amendments have not had a material impact on the Group. Additional disclosure has been provided where relevant.

The Group has not early adopted the following new and revised accounting standards, interpretations or amendments issued by the International Accounting Standards Board that are currently endorsed but not yet effective.

Accounting standard	Description of change	Impact on financial statements
IFRS 16 Leases effective for annual periods beginning after 1 January 2019	<p>The new standard replaces IAS 17 Leases and related interpretations and details the requirements for the classification, measurement and recognition of lease arrangements.</p> <p>The most significant effect of the new requirements will be an increase in lease assets and lease liabilities for leases currently categorised as operating leases.</p> <p>The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and an interest expense on lease liabilities.</p>	<p>The Group will apply IFRS 16 on 1 March 2019 and anticipates using the modified retrospective approach. Under this approach, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings on 1 March 2019, with no restatement of comparative information.</p> <p>Based on the information currently available, the Group estimates that it will recognise additional lease liabilities of £14 million – £16 million and a corresponding right-of-use asset of £13 million – £15 million as at 1 March 2019.</p> <p>Operating profit for the year ending 29 February 2020 is estimated to increase by approximately £0.3 million, being the difference between the lease expense and depreciation, and profit before tax will decrease by approximately £0.2 million, reflecting a higher total lease interest expense in the initial years.</p> <p>There are several practical expedients and exemptions available under IFRS 16. The Group will exclude leases of low value assets and short-term leases, with a duration of less than 12 months from the application of IFRS 16, with payments for these leases continuing to be expensed directly to the income statement as operating leases.</p>
Other standards	A number of other new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been applied in preparing these financial statements.	The Directors do not anticipate the application of these standards and amendments will have a material impact on the Group's consolidated financial statements.

f) Basis of consolidation

i. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Group measures goodwill at the acquisition date as:

- * the fair value of consideration transferred, plus
- * the recognised amount of any non-controlling interest in the acquiree, less
- * the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed

Where the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with the business combination are expensed as incurred.

Any contingent consideration payable is measured and recognised at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration are recognised in the income statement.

ii. Subsidiaries

The consolidated financial statements comprise the financial information of the Company and its subsidiaries.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Accounting policies of subsidiaries are aligned with accounting policies adopted by the Group to ensure consistency.

All subsidiaries except Bloomsbury Publishing India Private Limited have a reporting period end of 28 February. Bloomsbury Publishing India Private Limited has a reporting period end of 31 March, which aligns with the Indian Government's financial year.

iii. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any non-controlling interests and the other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

iv. Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

g) Revenue

IFRS 15 Revenue from Contracts with Customers provides a single, principles-based five-step model to be applied to all sales contracts. It is based on the transfer of control of goods and services to customers and replaces the separate models for goods, services and construction contracts previously included in IAS 11 Construction Contracts and IAS 18 Revenue. The major change is the requirement to identify and assess the satisfaction of delivery of each performance obligation in contracts in order to recognise revenue.

Revenue represents the fair value of consideration received from the provision of goods, services and rights falling within the Group's ordinary activities, after deduction of trade discounts, value added tax and anticipated returns.

Where the goods or services promised within a contract are distinct, they are identified as separate performance obligations and are accounted for separately. Where contractual arrangements consist of two or more performance obligations, such as access to multiple titles, the transaction price is allocated between the distinct performance obligations on the basis of their relative stand-alone selling prices.

Notes to the Financial Statements

Accounting Policies

i. Print:

- * **Print sales.** Revenue from the sale of printed books is recognised at the point in time when control passes. This is generally at the point of shipment when title passes to the customer, when the Group has a present right to payment and has satisfied the relevant performance obligations under the contract.

A provision for anticipated returns is made based primarily on historical return rates in each territory. If these do not reflect actual returns in future periods, then revenues could be understated or overstated for a particular period. From the adoption of IFRS 15, the provision for anticipated future sales returns is recognised in trade and other liabilities in the statement of financial position.

ii. Digital:

- * **E-books sales.** Revenue from e-book sales is recognised when content is delivered i.e. access has been given to the customer.
- * **Subscription income.** Revenue is generated from customers through the sale of digital materials to educational establishments, libraries and professionals. Revenue for digital subscriptions is derived from the periodic subscription or update of the product. Revenue is recognised on a straight-line basis over the period of subscription or if less the expected useful economic life of the product, unless the product is downloadable or the goods or services are not delivered in a consistent manner over time, in which case revenue is recognised based on the value received by the customer.

iii. Rights and Services

- * **Revenue from the licence of publishing and distribution rights, including film, paperback, electronic, overseas publishing rights, and sponsorship,** is recognised when the Group has provided the associated material and collectability is probable.
- * **Management services contracts.** Revenue is primarily generated from multi-year contractual arrangements related to the delivery of online platform build, editorial and management services. Revenue is recognised over time based on contractual milestones as the customer gains benefit from the assets created or services provided.

h) Foreign currencies

i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). These consolidated financial statements are presented in sterling as this is the most representative currency of the Group's operations. All financial information presented in sterling has been rounded to the nearest thousand except where otherwise stated.

ii. Transactions and balances

Transactions in currencies other than the functional currency are recorded in the functional currency at the rates of exchange prevailing on the dates of the transactions. Assets and liabilities in foreign currencies are translated into sterling at closing rates of exchange at the date of the statement of financial position.

Exchange differences are charged or credited to the income statement within administrative expenses.

iii. Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- * **Assets and liabilities** for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- * **Income and expenses** are translated at the average exchange rates over the period; and
- * **All resulting exchange differences** are recognised in other comprehensive income and presented in the translation reserve in equity. On disposal of a foreign entity these exchange differences are recycled to the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in equity.

i) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

i. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

The Group recognises liabilities for anticipated tax issues based on estimates of the additional taxes that are likely to become due, which require judgement. Amounts are accrued based on the Director's interpretation of specific tax law in the relevant country and the likelihood of settlement. The Directors use in-house tax experts, professional firms and previous experience when assessing tax risks. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

ii. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be generated to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the end of the reporting period.

iii. Current and deferred tax for the year

Current and deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to other comprehensive income or equity, in which case the deferred tax is also recognised in other comprehensive income or equity respectively.

j) Goodwill and other intangible assets

i. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 2f(i)) less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently where there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to the Financial Statements

Accounting Policies

ii. Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Except for goodwill and assets under construction, intangible assets are amortised on a straight-line basis in the income statement over their expected useful lives by equal annual instalments at the following rates:

Publishing relationships	— 5% to 21% per annum
Imprints	— 3% to 10% per annum
Subscriber and customer relationships	— 7% to 9% per annum
Trademarks	— over the life of the trademark
Product and systems development	— 14% to 20% per annum

Assets under construction relate to the costs of developing a product, typically an online platform, which is yet to go live.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively if appropriate.

iii. Product and systems development

Costs that are directly associated with the purchase and implementation of systems, such as software products, are recognised as intangible assets. Likewise, costs incurred in developing a product, typically an online platform, are recognised as intangible assets.

Expenditure is only capitalised if costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Group has sufficient resources to complete development and use the asset.

k) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Property, plant and equipment are depreciated in order to write down their cost less residual value using the straight-line method over their expected useful lives at the following rates:

Short leasehold improvements	— over the remaining life of the lease
Furniture and fittings	— 10% per annum
Computers and other office equipment	— 20% per annum
Motor vehicles	— 25% per annum

Depreciation is prorated in the years of acquisition and disposal of an asset. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

l) Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

m) Inventories

The cost of work in progress and finished goods represents the amounts invoiced to the Group for origination, paper, printing and binding. Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Provisions are made for slow-moving and obsolete stock.

n) Royalty advances to authors

Advances of royalties to authors are included within current receivables when the advance is paid less any provision required to adjust the advance to its net realisable value. The royalty advance is expensed at the contracted royalty rate as the related revenues are earned.

o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

p) Financial instruments

Financial assets and financial liabilities are recognised when the Group has become a party to the contractual provisions of the instrument. The Group's financial assets and liabilities are as below:

Trade receivables

Trade receivables and other receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less any impairment. Following the adoption of IFRS 9, provisions for bad and doubtful debts are based on the expected credit loss model. The 'simplified approach' is used with the expected loss allowance measured at an amount equal to the lifetime expected credit losses. In 2018, trade receivables are also stated after provision for anticipated future sales returns.

Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash in hand and at bank, other short-term deposits held by the Group and overdrafts. Bank overdrafts are included in current liabilities in the statement of financial position.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Trade payables

Trade payables are not interest bearing and are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

q) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases by the lessee. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

r) Employee benefits

i. Defined contribution plans

Pension costs relating to defined contribution pension schemes are recognised in the income statement in the period for which related services are rendered by the employee.

ii. Defined benefit plans

Until 1997, a subsidiary company operated a defined benefit pension scheme. The retirement obligation recognised in the statement of financial position represents the net of the present value of the defined benefit obligation and the fair value of plan assets at the statement of financial position date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate to the net defined benefit obligation and is presented as finance costs or finance income.

iii. Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan either to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Notes to the Financial Statements

Accounting Policies

iv. Share-based payment transactions

The Group issues equity-settled share-based payment instruments to certain employees. 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 income statement on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest.

Options granted under the Company Share Option Plan and Sharesave Plan are equity-settled. The fair values of such options have been calculated using the Black-Scholes model based on publicly available market data.

Awards granted under the Group's Performance Share Plan are equity-settled. For the awards granted in 2016, part of any award granted under the Plan is subject to a Total Shareholder Return performance condition. The fair value of this element of the awards is calculated using the Stochastic model. For awards granted in 2017 or 2018, part of any award under the Plan is subject to a Return on Capital Employed performance condition. These have been measured based on the share price at the date of grant as they are only subject to non-market conditions. The other part of any award granted under the Plan is subject to an Earnings Per Share performance condition. The fair value of this element of the awards is calculated using the Black-Scholes model. Where the awards are subject to a holding period, we have used the Chaffie model to determine a discount for lack of marketability.

s) Employee benefit trust

The Company operates an employee benefit trust and has de facto control of shares held by the trust and bears their benefits and risks. The Group considers the trust to be substantially under its control and so consolidates the financial information of the trust as stated in note 2f. The Group records the assets and liabilities of the trust as its own and shares held by the trust are recorded at cost as a deduction from shareholders' equity. Finance costs and administrative expenses are charged as they accrue.

t) Segmental reporting

Operating segments, which have not been aggregated, are reported in a manner that is consistent with the internal reporting provided to the Chief Executive Officer ("CEO"), regarded as the Chief Operating Decision Maker.

The CEO views the Group primarily from a nature of business basis, reflecting the divisional performance of Consumer, made up of Children's Trade and Adult Trade, and Non-Consumer, made up of Academic & Professional, Special Interest and Content Services. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Performance is evaluated based on operating profit contributions using the same accounting policies as adopted for the Group's financial statements.

u) Dividends

Dividends are recognised as liabilities once they are appropriately authorised.

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

i. Revenue recognition

Note 3 shows a breakdown of revenue by type.

This is a judgement because management is required to decide whether the revenue recognition criteria has been met for a contract. Certain contracts entered into by the Group may include: the licensing or outright sale of the Group's intellectual property; the provision of ongoing consultancy services; or a bundled combination of both.

The Group considers contractual terms and makes judgements in assessing when the triggers for revenue recognition have been met, particularly that the Group has sufficiently fulfilled its performance obligations under the contract to allow revenue to be recognised and the allocation of revenue between multiple deliverables.

ii. Book returns

The level of sales returns liability is set out in note 18.

Printed books are normally sold on a sale-or-return basis. The timing of returns of unsold books is uncertain. A provision is made against sales for the expected future returns of books that have not occurred by the end of an accounting period.

This is an estimate as it requires management to estimate the level of expected future returns. As books are returnable by customers, the Group makes a provision against books sold in the accounting period which is then carried forward and offset against trade and other liabilities (2018: trade receivables) in the statement of financial position in anticipation of book returns received subsequent to the reporting period end.

The provision is based on the assumption of the time lag following a sale before a return is made and calculated by reference to historical returns rates and expected future returns

iii. Author advances

Trade and other receivables in the Group Statement of Financial Position, in note 17, include Royalty advances (i.e. net unearned advances to authors). A provision is made against gross advances (paid and payable) to the extent that they are not expected to be fully earned from anticipated future sales of a title or subsidiary rights receivable

This is an estimate as it requires management to estimate the future sales of a title. At the end of each financial year a review is carried out on all published title advances. If it is unlikely that royalties from future title sales or subsidiary rights will fully earn down the advance, a provision is made in the income statement for the difference between the carrying value and the anticipated recoverable amount from future earnings.

iv. Inventory

The level of inventories and the inventory provision are set out in note 16 to the financial statements

For each line of inventory, a provision is made against the cost of the inventory, where the Net Realisable Value is less than cost. Net Realisable Value is the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale

This is an estimate as it requires management to estimate the net realisable value for inventory. At the end of each reporting period a review is carried out on all published titles where inventory is held. A provision is made by the Group against unsold inventory on a title-by-title basis, with regard to historical net sales and expected future net sales, to value the inventories at the lower of cost and net realisable value

v. Impairment reviews

The carrying value of goodwill arising on the acquisition of companies (or groups of companies) by the Group is set out in note 11

This is an estimate as it requires an estimation of future cash flows relating to each CGU. IFRS require management to undertake an annual test for impairment of indefinite life assets and, for finite life assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Group currently undertakes an annual impairment test covering goodwill and other indefinite life assets and also reviews finite life assets to consider whether a full impairment review is required

Intangible assets recoverability is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made. Note 11 details the assumptions used and sensitivities analysis performed on the value in use calculations

w) Change of accounting policy: IFRS 15

The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 March 2018 and applied the cumulative effect method.

Comparatives for 2018 have not been restated and the cumulative impact of adoption has been recognised as a decrease to opening retained earnings as follows.

Retained earnings	£'000
Print	(608)
Subscription income (part of digital)	(387)
Licence income (part of rights and services)	(76)
Impact on profit before tax	(1,071)
Taxation	214
Total impact at 1 March 2018	(857)
Non-current assets	
Deferred tax assets	214
Current assets	
Inventories	438
Trade and other receivables	6,872
Current liabilities	
Trade and other liabilities	(8,381)
Total impact at 1 March 2018	(857)

Notes to the Financial Statements

Accounting Policies

These areas of the business have been impacted by adoption of IFRS 15:

Print. Where our distributors bear the bad debt risk, revenues were previously recognised when the invoice was raised by the distributor. Under IFRS 15, revenue is recognised when the customer receives the stock.

Subscription income. Adopting IFRS 15 has impacted the timing of recognition of certain non-subscription Perpetual Access ("PA") digital platform sales. Previously, revenue from sales of these products was recognised when the customer was granted access, under IFRS 15 as the platform is updated or enhanced over time a proportion of these revenues is recognised over five years. The impact of this is to defer revenue and profit from certain PA sales compared to the previous treatment.

Licence income (part of rights and services) Previously, revenue from the licence of brands was recognised at a point in time. Under IFRS 15, as the customer's benefit from the brand is dependent upon our ongoing activities that support or maintain the value of the intellectual property, the licence income is treated as a right to access and revenue recognised over time.

Returns provision: In addition to the changes above, IFRS 15 also requires that the Group's provision for sales returns is reclassified. Previously, the provision for returns was included on a net basis within trade receivables. The effect on transition was to increase trade and other receivables by £7,922,000 and increase trade and other liabilities by £7,922,000.

The impact of adopting IFRS 15 on the results for the year to 28 February 2019 is shown below

	Amounts pre IFRS 15 £'000	Transition adjustment £'000	In period adjustment £'000	Amounts as reported £'000
Revenue	162,702	-	(23)	162,679
Gross profit	87,660	-	97	87,757
Operating profit	11,869	-	100	11,969
Taxation	(2,655)	-	(147)	(2,802)
Profit for the period	9,274	-	(27)	9,247
Non-current assets				
Deferred tax assets	2,297	214	(135)	2,376
Current assets				
Inventories	25,512	438	126	26,076
Trade and other receivables	73,582	6,872	52	80,506
Current liabilities				
Trade and other liabilities	(52,193)	(8,381)	(70)	(60,644)
Net assets	144,622	(857)	(27)	143,738

x) Change of accounting policy: IFRS 9

The Group has adopted IFRS 9 Financial Instruments from 1 March 2018 and applied the cumulative effect method. Comparatives for 2018 have not been restated and the cumulative impact of adoption has been recognised as a decrease to opening retained earnings as follows

	£'000
Retained earnings	
Provision for impairment of trade receivables	(254)
Taxation	54
Total impact at 1 March 2018	(200)
Non-current assets	
Deferred tax assets	54
Current assets	
Trade and other receivables	(254)
Total impact at 1 March 2018	(200)

The adjustment above arises from the adoption of the forward-looking expected loss impairment model under IFRS 9, which replaces the incurred loss model of IAS 39, when recognising provisions for impairment of trade receivables. Although there is a transition impact from adoption of the new model there was no material impact on profit before tax for the year to 28 February 2019.

3. Revenue and segmental analysis

The Group is comprised of two worldwide publishing divisions: Consumer and Non-Consumer, reflecting the core customers for our different operations. The Consumer division is further split into two operating segments: Children's Trade and Adult Trade. Non-Consumer is split between three operating segments: Academic & Professional, Special Interest and Content Services.

Each reportable segment represents a cash-generating unit for the purpose of impairment testing. We have allocated goodwill between reportable segments. These divisions are the basis on which the Group primarily reports its segment information. Segments derive their revenue from book publishing, sale of publishing and distribution rights, management and other publishing services.

The analysis by segment is shown below:

Year ended 28 February 2019	Children's Trade £'000	Adult Trade £'000	Consumer £'000	Academic & Professional £'000	Special Interest £'000	Content Services £'000	Non-Consumer £'000	Unallocated £'000	Total £'000
External revenue	65,800	33,454	99,254	41,245	21,156	1,024	63,425	-	162,679
Cost of sales	(32,671)	(16,937)	(49,608)	(14,757)	(10,234)	(323)	(25,314)	-	(74,922)
Gross profit	33,129	16,517	49,646	26,488	10,922	701	38,111	-	87,757
Marketing and distribution costs	(9,039)	(5,231)	(14,270)	(4,878)	(2,846)	(59)	(7,783)	-	(22,053)
Contribution before administrative expenses	24,090	11,286	35,376	21,610	8,076	642	30,328	-	65,704
Administrative expenses excluding highlighted items	(14,306)	(10,395)	(24,701)	(18,479)	(7,363)	(867)	(26,709)	-	(51,410)
Operating profit/(loss) before highlighted items/segment results	9,784	891	10,675	3,131	713	(225)	3,619	-	14,294
Amortisation of acquired intangible assets	-	(18)	(18)	(1,482)	(209)	(5)	(1,696)	-	(1,714)
Other highlighted items	-	-	-	-	-	-	-	(611)	(611)
Operating profit/(loss)	9,784	873	10,657	1,649	504	(230)	1,923	(611)	11,969
Finance income	-	-	-	-	-	-	-	130	130
Finance costs	-	-	-	-	-	-	-	(50)	(50)
Profit/(loss) before taxation	9,784	873	10,657	1,649	504	(230)	1,923	(531)	12,049
Taxation	-	-	-	-	-	-	-	(2,802)	(2,802)
Profit/(loss) for the year	9,784	873	10,657	1,649	504	(230)	1,923	(3,333)	9,247
Operating profit/(loss) before highlighted items/segment results	9,784	891	10,675	3,131	713	(225)	3,619	-	14,294
Depreciation	185	83	268	131	64	7	202	-	470
Amortisation of internally generated intangibles	373	177	550	1,638	209	28	1,875	-	2,425
EBITDA before highlighted items	10,342	1,151	11,493	4,900	986	(190)	5,696	-	17,189

Notes to the Financial Statements

Year ended 28 February 2019	Children's Trade £'000	Adult Trade £'000	Consumer £'000	Academic & Professional £'000	Special Interest £'000	Content Services £'000	Non-Consumer £'000	Unallocated £'000	Total £'000
External revenue	69,150	33,071	102,221	36,517	21,308	1,464	59,289	–	161,510
Cost of sales	(34,128)	(18,264)	(52,392)	(14,834)	(9,491)	(438)	(24,763)	–	(77,155)
Gross profit	35,022	14,807	49,829	21,683	11,817	1,026	34,526	–	84,355
Marketing and distribution costs	(10,076)	(5,258)	(15,334)	(4,378)	(2,978)	(124)	(7,480)	–	(22,814)
Contribution before administrative expenses	24,946	9,549	34,495	17,305	8,839	902	27,046	–	61,541
Administrative expenses excluding highlighted items	(13,323)	(9,777)	(23,100)	(17,666)	(6,614)	(1,047)	(25,327)	–	(48,427)
Operating profit/(loss) before highlighted items/segment results	11,623	(228)	11,395	(361)	2,225	(145)	1,719	–	13,114
Amortisation of acquired intangible assets	–	(18)	(18)	(1,368)	(182)	(5)	(1,555)	–	(1,573)
Operating profit/(loss)	11,623	(246)	11,377	(1,729)	2,043	(150)	164	–	11,541
Finance income	–	–	–	–	–	–	–	151	151
Finance costs	–	–	–	–	–	–	–	(48)	(48)
Profit/(loss) before taxation	11,623	(246)	11,377	(1,729)	2,043	(150)	164	103	11,644
Taxation	–	–	–	–	–	–	–	(2,574)	(2,574)
Profit/(loss) for the year	11,623	(246)	11,377	(1,729)	2,043	(150)	164	(2,471)	9,070
Operating profit/(loss) before highlighted items/segment results	11,623	(228)	11,395	(361)	2,225	(145)	1,719	–	13,114
Depreciation	146	89	235	126	66	7	199	–	434
Amortisation of internally generated intangibles	272	198	470	1,693	241	25	1,959	–	2,429
EBITDA before highlighted items	12,041	59	12,100	1,458	2,532	(113)	3,877	–	15,977

Total assets

	28 February 2019 £'000	28 February 2018 £'000
Children's Trade	9,939	9,163
Adult Trade	7,218	7,788
Academic & Professional	58,466	55,302
Special Interest	14,193	13,349
Content Services	135	162
Unallocated	117,142	111,227
Total assets	207,093	196,991

Unallocated primarily represents centrally held assets including system development, property, plant and equipment, receivables, and cash.

External revenue by destination

Destination	Source				Total £'000
	United Kingdom £'000	North America £'000	Australia £'000	India £'000	
Year ended 28 February 2019					
United Kingdom (country of domicile)	58,407	54	–	–	58,461
North America	13,248	43,478	–	–	56,726
Continental Europe	17,802	1,594	–	–	19,396
Australasia	1,463	–	11,586	–	13,049
Middle East and Asia	7,317	289	–	4,244	11,850
Rest of the world	2,722	431	–	44	3,197
Overseas countries	42,552	45,792	11,586	4,288	104,218
Total	100,959	45,846	11,586	4,288	162,679
Year ended 28 February 2018					
United Kingdom (country of domicile)	59,638	20	–	–	59,658
North America	11,669	42,705	–	–	54,374
Continental Europe	19,152	975	–	–	20,127
Australasia	896	–	12,087	–	12,983
Middle East and Asia	7,108	518	–	3,621	11,247
Rest of the world	2,858	263	–	–	3,121
Overseas countries	41,683	44,461	12,087	3,621	101,852
Total	101,321	44,481	12,087	3,621	161,510

During the year, sales to one customer exceeded 10% of Group revenue (2018: one customer). The value of these sales was £37,483,000 (2018: £39,721,000). This customer purchases from all operating segments.

Analysis of non-current assets (excluding deferred tax assets) by geographic location

	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
United Kingdom (country of domicile)	65,802	61,136
North America	4,669	4,699
Other	84	102
Total	70,555	65,937

The Group's revenues by product type were as follows:

	Children's Trade £'000	Adult Trade £'000	Consumer £'000	Academic & Professional £'000	Special Interest £'000	Content Services £'000	Non- Consumer £'000	Total £'000
Year ended 28 February 2019								
Print	58,288	27,568	85,856	29,087	17,900	467	47,454	133,310
Digital	4,157	4,887	9,044	10,083	1,611	135	11,829	20,873
Rights and Services ¹	3,355	999	4,354	2,075	1,645	422	4,142	8,496
Total	65,800	33,454	99,254	41,245	21,156	1,024	63,425	162,679

Notes to the Financial Statements

Year ended 28 February 2018	Children's Trade £'000	Adult Trade £'000	Consumer £'000	Academic & Professional £'000	Special Interest £'000	Content Services £'000	Non-Consumer £'000	Total £'000
Print	60,921	28,059	88,980	27,070	18,097	661	45,828	134,808
Digital	4,127	4,270	8,397	7,866	1,602	183	9,651	18,048
Rights and Services ¹	4,102	742	4,844	1,581	1,609	620	3,810	8,654
Total	69,150	33,071	102,221	36,517	21,308	1,464	59,289	161,510

¹ Rights and Services revenue includes revenue from copyright and trademark licences, management contracts, advertising and publishing services.

The below table depicts the remaining transaction price on unsatisfied or partially unsatisfied performance obligations from contracts with customers as at 28 February 2019.

Year ended 28 February 2019	Sales £'000	Deferred Income £'000	Committed Sales £'000	Total Remaining Transaction Price £'000	2020 £'000	2021 £'000	2022 and later £'000
Print	133,310	275	4,880	5,155	5,155	–	–
Digital	20,873	2,285	2,499	4,784	2,650	587	1,547
Rights and Services	8,496	585	2,445	3,030	1,089	715	1,226
Total	162,679	3,145	9,824	12,969	8,894	1,302	2,773

4. Operating profit

Operating profit is stated after charging the following amounts:

	Notes	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Purchase of goods and changes in inventories	16	44,293	43,512
Auditor's remuneration (see below)		266	264
Depreciation of property, plant and equipment	14	470	434
Operating leases		1,958	1,866
Highlighted items (see below)		2,325	1,573
Provision made against advances		4,997	5,381
Exchange loss		38	988
Staff costs (excluding termination benefits)	5	34,848	31,881

Highlighted items

	Notes	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Legal and other professional fees		223	–
Restructuring costs		388	–
Other highlighted items		611	–
Amortisation of acquired intangible assets	12	1,714	1,573
Total highlighted items		2,325	1,573

Highlighted items charged to operating profit comprise significant non-cash charges and major one-off initiatives which are highlighted in the income statement because, in the opinion of the Directors, separate disclosure is helpful in understanding the underlying performance and future profitability of the business.

All highlighted items are included in administrative expenses in the income statement.

Legal and other professional fees of £223,000 and restructuring costs of £388,000 were incurred as a result of the Group's acquisition of I.B. Tauris & Co. Limited, see note 10.

Auditor's remuneration

Amounts payable to KPMG LLP and its associates in respect of both audit and non-audit services are as follows

	Year ended 28 February 2019			Year ended 28 February 2018		
	UK £'000	Overseas £'000	Total £'000	UK £'000	Overseas £'000	Total £'000
Fees payable to the Company's Auditor for the audit of the parent Company and consolidated financial statements	140	75	215	140	75	215
Fees payable to the Company's Auditor and its associates for other services:						
Audit of the Company's subsidiaries pursuant to legislation	5	11	16	5	9	14
Other services pursuant to legislation:						
Interim review	35	–	35	35	–	35
Total	180	86	266	180	84	264

5. Staff costs

Staff costs, including Directors, during the year were:

	Notes	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Salaries (including bonuses)		30,116	27,861
Social security costs		2,912	2,699
Pension costs	23	1,322	1,119
Share-based payment charge	22	498	202
Staff costs (excluding termination benefits)	4	34,848	31,881
Termination benefits		613	246
Total		35,461	32,127

£189,000 of termination benefits are included within highlighted items.

The average monthly number of employees during the year were:

	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Editorial, production and selling	583	536
Finance and administration	100	91
Total	683	627

Staff costs are charged to administrative expenses

Four (2018: three) Directors were accruing benefits during the year under defined contribution pension arrangements

Total emoluments for Directors was:

	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Short-term employee benefits	2,612	2,496
Post-employment benefits	132	141
Total	2,744	2,637

The Group considers key management personnel as defined under IAS 24 "Related Party Disclosures" to be the Directors of the Company, this includes Non-Executive Directors, and those Directors of the global divisions, major geographic regions and departments who are actively involved in strategic decision-making

Notes to the Financial Statements

Total emoluments for Executive Directors and other key management personnel were:

	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Short-term employee benefits	4,022	3,567
Post-employment benefits	209	219
Share-based payment charge	410	128
Total	4,641	3,914

6. Finance income and finance costs

	Notes	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Finance income			
Interest on bank deposits		55	21
Other interest receivable		62	118
Return on pension plan assets	23	13	12
Total		130	151
Finance costs			
Interest cost on pension obligations	23	17	17
Interest on bank overdraft and loans		1	31
Other interest payable		32	–
Total		50	48

7. Taxation

a) Tax charge for the year

	Notes	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Current taxation			
UK corporation tax			
Current year		1,961	2,236
Adjustment in respect of prior years		(3)	(576)
Overseas taxation			
Current year		301	290
Adjustment in respect of prior years		(18)	(1,334)
		2,241	616
Deferred tax	15		
UK			
Origination and reversal of temporary differences		97	(114)
Adjustment in respect of prior years		–	(103)
Overseas			
Origination and reversal of temporary differences		488	40
Adjustment in respect of prior years		(24)	1,271
Tax rate adjustment		–	864
		561	1,958
Total taxation expense		2,802	2,574

b) Factors affecting tax charge for the year

The tax on the Group's profit before tax differs from the standard rate of corporation tax in the United Kingdom of 19.00% (2018: 19.08%). The reasons for this are explained below:

	Year ended 28 February 2019		Year ended 28 February 2018	
	£'000	%	£'000	%
Profit before taxation	12,049	100.0	11,644	100.0
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2018: 19.08%)	2,289	19.0	2,222	19.1
Effects of:				
Non-deductible revenue expenditure	117	1.0	111	1.0
Movement in unrecognised temporary differences	132	1.1	(16)	(0.1)
Different rates of tax in foreign jurisdictions	308	2.6	134	1.1
Tax losses utilised	(36)	(0.3)	1	–
Movement in deferred tax rate	–	–	864	7.4
Adjustment to tax charge in respect of prior years				
Current tax	(21)	(0.2)	(1,910)	(16.4)
Deferred tax	(24)	(0.2)	1,168	10.0
Tax charge for the year before disallowable costs on highlighted items	2,765	23.0	2,574	22.1
Highlighted items:				
Disallowable costs	37	0.3	–	–
Tax charge for the year	2,802	23.3	2,574	22.1

Non-deductible revenue expenditure mainly relates to disallowable foreign exchange and entertainment expenses. Different rates of tax in foreign jurisdictions is where we are paying tax at higher rates in the US and Australia as well as paying state taxes in the US.

Adjustments to prior periods primarily arise where an outcome is obtained on certain tax matters which differs from expectations held when the related provision was made. Where the outcome is more favourable than the provision made, the difference is released, lowering the current year tax charge. Where the outcome is less favourable than our provision, an additional charge to current year tax will occur.

In 2017, the Group identified a potential tax exposure relating to the treatment of inventory valuation adjustments in the US. Accordingly, a current tax provision was recognised for the potential exposure. Following finalisation of the appropriate tax treatment, it has been agreed with the IRS that any tax deductions associated with inventory valuation adjustments will be payable over three years. Accordingly, in 2018 the £1.3 million unpaid current tax provision has been reversed, and a corresponding deferred tax liability has been recognised due to the temporary difference that arises between the accounting and tax treatment. The £1.3 million deferred tax debit and £1.3 million current tax credit have been recognised as an adjustment in respect of prior years in the above tax charge for 2018.

In 2018, the £576,000 UK current tax credit in respect of prior years' relates to the carry back of double taxation relief to prior years and the settlement of an old claim with HMRC that was previously considered remote to materialise.

We are not aware of any significant unprovided exposures that are considered likely to materialise.

c) Factors affecting tax charge for future years

Reductions in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) were substantively enacted on 6 September 2016.

The enactment of the US Tax Cuts and Jobs Act on 22 December 2017 has reduced the US federal corporation tax rate from 35% to 21% from 21 January 2018. In total, the deferred tax effect of changes in tax rates for the year was a tax credit of £nil (2018: £864,000).

Notes to the Financial Statements

d) Tax effects of components of other comprehensive income

	Before tax 2019 £'000	Tax charge 2019 £'000	After tax 2019 £'000	Before tax 2018 £'000	Tax charge 2018 £'000	After tax 2018 £'000
Exchange difference on translating foreign operations	964	–	964	(3,943)	–	(3,943)
Remeasurements on the defined benefit pension scheme	(6)	1	(5)	33	(6)	27
Other comprehensive income	958	1	959	(3,910)	(6)	(3,916)

8. Dividends

	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Amounts paid in the year		
Prior period final 6.36p dividend per share (2018: 5.60p)	4,749	4,182
Interim 1.21p dividend per share (2018: 1.15p)	906	859
Total dividend payments in the year	5,655	5,041
Amounts arising in respect of the year		
Interim 1.21p dividend per share for the year (2018: 1.15p)	906	859
Proposed 6.75p final dividend per share for the year (2018: 6.36p)	5,051	4,749
Total dividend 7.96p per share for the year (2018: 7.51p)	5,957	5,608

The Directors are recommending a final dividend of 6.75 pence per share, which, subject to Shareholder approval at the Annual General Meeting, will be paid on 23 August 2019 to Shareholders on the register on the record date of 26 July 2019.

9. Earnings per share

The basic earnings per share for the year ended 28 February 2019 is calculated using a weighted average number of Ordinary shares in issue of 74,741,083 (2018: 74,677,559) after deducting shares held by the Employee Benefit Trust.

The diluted earnings per share is calculated by adjusting the weighted average number of Ordinary shares to take account of all dilutive potential Ordinary shares, which are in respect of unexercised share options and the Performance Share Plan.

	Year ended 28 February 2019 Number	Year ended 28 February 2018 Number
Weighted average shares in issue	74,741,083	74,677,559
Dilution	756,547	538,096
Diluted weighted average shares in issue	75,497,630	75,215,655
	£'000	£'000
Profit after tax attributable to owners of the Company	9,247	9,070
Basic earnings per share	12.37p	12.15p
Diluted earnings per share	12.25p	12.06p
	£'000	£'000
Adjusted profit attributable to owners of the Company	11,299	10,472
Adjusted basic earnings per share	15.12p	14.02p
Adjusted diluted earnings per share	14.97p	13.92p

Adjusted profit is derived as follows:

	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Profit before taxation	12,049	11,644
Amortisation of acquired intangible assets	1,714	1,573
Other highlighted items	611	–
Adjusted profit before tax	14,374	13,217
Tax expense	2,802	2,574
Deferred tax movements on goodwill and acquired intangible assets	194	171
Tax expense on other highlighted items	79	–
Adjusted tax	3,075	2,745
Adjusted profit	11,299	10,472

The Group includes the benefit of tax amortisation of intangible assets within adjusted tax as this benefit more accurately aligns the adjusted tax charge with the expected cash tax payments.

10. Acquisitions

On 1 May 2018 the Group acquired the issued share capital of I. B. Tauris & Co. Limited ("IBT"), the academic publisher. The consideration of £4.4 million was satisfied by the payment of £4.0 million in cash on completion and £0.4 million paid out post completion subject to working capital and other adjustments. £0.3 million of this post completion consideration has been paid post year end. The previously disclosed £5.8 million consideration includes the payment of pre-existing IBT obligation including loans to shareholders and the current loans and the best estimate at that time of the payment due for working capital and other adjustments. The pre-existing IBT obligation including loans to shareholders and the current loans is included in overdrafts and current loans and payables and provisions in the IBT net assets acquired below at the date of acquisition.

IBT has a world-leading list in Middle East Studies, History, Politics and International Relations. Other subject areas in which it has a sizeable presence are Visual Culture, Classics, Ancient History and Religion. Around 90% of sales are in print, so there is significant potential to grow digital revenues. IBT titles will be included within Bloomsbury's digital resources. The business will operate within Bloomsbury's Academic & Professional division.

The table below summarises the fair values to the Group included in the consolidated financial statements of the major categories of assets and liabilities of IBT at the date of acquisition.

	Fair value to the Group £'000
Net assets acquired	
Identifiable intangible assets	3,200
Property, plant and equipment	37
Deferred tax assets	662
Inventories	1,054
Trade and other receivables	1,557
Cash and cash equivalents	93
Deferred tax liabilities	(544)
Overdraft and current loans	(201)
Payables and provisions	(4,064)
Total net assets acquired	1,794
Goodwill	2,613
Total	4,407
Satisfied by	
Cash consideration	4,407

Identifiable intangible assets of £3,200,000 consist of publishing rights and imprints. The publishing rights have a useful life of 12 years and imprints have a useful life of 20 years. The goodwill arising of £2,613,000 is attributable to the expected profitability of the acquired business and the synergies expected to arise after the acquisition.

Notes to the Financial Statements

The gross contractual trade receivable at acquisition is £1,539,000 of which £217,000 is the best estimate of the contractual cash flows that are not expected to be collected.

Transaction costs of £223,000 have been expensed in the period within administrative expenses

From 1 May 2018, revenue of £2,511,000 and loss before tax attributable to owners of the Company of £165,000 (including £311,000 highlighted items) have been included in the consolidated income statement for the period ended 28 February 2019 in relation to IBT.

If the acquisition had occurred on 1 March 2018 the revenue and profit after tax attributable to Shareholders of the combined entity for the current period would have been £163.3 million and £9.1 million respectively. These pro forma amounts do not include any possible synergies from the acquisition. The pro forma information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies

11. Goodwill

	28 February 2019 £'000	28 February 2018 £'000
Cost		
At start of year	46,399	46,812
Acquired through business combinations	2,613	-
Exchange differences	144	(413)
At end of year	49,156	46,399
Impairment		
At start of year	4,260	4,264
Exchange differences	1	(4)
At end of year	4,261	4,260
Net book value		
At end of year	44,895	42,139
At start of year	42,139	42,548

Goodwill is not amortised, but instead is subject to annual impairment reviews. Any impairment losses are recognised immediately in the income statement.

Management has aligned the monitoring of goodwill to how it reviews the performance of the business. Goodwill is monitored by management at the publishing division level. The following is a summary of goodwill allocation for each publishing division:

	28 February 2019 £'000	28 February 2018 £'000
Children's Trade	1,788	1,724
Adult Trade	2,265	2,186
Academic & Professional	35,889	33,276
Special Interest	4,953	4,953
Total	44,895	42,139

Impairment testing

The recoverable amount of the Group's goodwill has been considered with regard to value-in-use calculations. These calculations use the pre-tax future cash flow projections of each cash-generating unit ("CGU") based on the Board's approved budgets for the year ended 29 February 2020 and the Board-approved five-year plan. The calculations include a terminal value based on the projections for the final year of the five-year plan with a long-term growth rate assumption applied.

The key assumptions for calculating value in use are

	Discount rates		Revenue growth		Long-term growth	
	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Children's Trade	10.8	11.4	(1.3)–6.3	1.4–4.3	2.0	2.1
Adult Trade	11.4	11.1	(5.9)–6.5	3.9–8.8	2.0	2.1
Academic & Professional	10.2	11.0	1.6–15.1	3.9–8.9	2.0	2.1
Special Interest	11.6	12.2	4.4–4.8	2.6–2.9	2.0	2.1

Discount rates

The discount rates applied to the cash flows are calculated using a pre-tax rate based on the weighted average cost of capital for the Group. This is adjusted for risks specific to the market in which the CGU operates. The Group has considered the impact of the current economic climate in determining appropriate discount rates.

Revenue growth rates

Growth rates have been calculated based on those applied to the Board-approved budget for the year ended 28 February 2020 and five-year plan. They incorporate future expectations of growth in backlist revenues and identified new revenue streams. The range of growth rates noted above covers specific rates applied for each of the next five years.

Long-term growth rates

The five-year forecasts are extrapolated to perpetuity on the basis that the relevant CGUs are long-established business units. The long-term growth rates are blended rates formed from the territory-specific long-term growth rates.

Gross margins

Gross margins have been based on historic performance and expected changes to the sales mix in future periods.

Sensitivity

The Group has not identified any reasonably possible changes to key assumptions that would cause the carrying value of goodwill of the Children's Trade, Adult Trade and Special Interest CGUs to exceed its recoverable amount.

Academic & Professional has by far the largest goodwill and non-current assets. This division is going through an investment phase with the Bloomsbury 2020 digital resources strategy to leverage our academic and professional IP assets into the academic library market, growing more high-quality digital subscription income. There is therefore a risk in the medium term if this strategy does not succeed. However, current progress on this strategy is very good and we are on track to deliver our targeted £5 million of profit and £15 million of revenue in 2021/22 for Bloomsbury 2020 digital resources. A 2% increase in the discount rate would not give rise to an impairment. A 8% reduction in the 1st year revenue growth rates would lead to an impairment of £2.2 million. Reducing the long-term growth rate to 0% would not give rise to an impairment.

Notes to the Financial Statements

12. Other intangible assets

	Publishing rights £'000	Imprints £'000	Subscriber and customer relationships £'000	Trademarks £'000	Systems development £'000	Product development £'000	Assets under construction £'000	Total £'000
Cost								
At 28 February 2017	16,109	5,790	4,427	200	5,587	8,125	651	40,889
Additions	-	-	-	19	1,110	736	943	2,808
Transfers	-	-	-	-	-	1,324	(1,324)	-
Exchange differences	(168)	-	(31)	(14)	(33)	(25)	-	(271)
At 28 February 2018	15,941	5,790	4,396	205	6,664	10,160	270	43,426
Acquired through business combinations	900	2,300	-	-	-	-	-	3,200
Additions	70	-	-	17	895	1,245	675	2,902
Transfers	-	-	-	-	-	427	(427)	-
Disposals	-	-	-	-	(42)	-	-	(42)
Exchange differences	59	-	11	5	9	9	-	93
At 28 February 2019	16,970	8,090	4,407	227	7,526	11,841	518	49,579
Amortisation								
At 28 February 2017	8,225	1,323	2,330	2	3,321	4,474	-	19,675
Charge for the year	962	262	349	4	802	1,623	-	4,002
Exchange differences	(95)	-	(11)	-	(16)	(14)	-	(136)
At 28 February 2018	9,092	1,585	2,668	6	4,107	6,083	-	23,541
Disposals	-	-	-	-	(42)	-	-	(42)
Charge for the year	1,007	358	349	6	881	1,538	-	4,139
Exchange differences	36	-	4	-	5	6	-	51
At 28 February 2019	10,135	1,943	3,021	12	4,951	7,627	-	27,689
Net book value								
At 28 February 2019	6,835	6,147	1,386	215	2,575	4,214	518	21,890
At 28 February 2018	6,849	4,205	1,728	199	2,557	4,077	270	19,885

13. Investments

	28 February 2019 £'000	28 February 2018 £'000
Equity securities designated as at FVOCI	300	300
Total	300	300

14. Property, plant and equipment

	Short leasehold improvements £'000	Furniture and fittings £'000	Computers and other office equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 28 February 2017	2,878	921	2,521	133	6,453
Additions	4	18	292	-	314
Disposals	-	-	(10)	-	(10)
Exchange differences	(20)	(46)	(47)	(3)	(116)
At 28 February 2018	2,862	893	2,756	130	6,641
Additions	58	22	357	-	437
Acquired through business combinations	-	5	32	-	37
Disposals	-	-	(565)	(94)	(659)
Exchange differences	3	13	12	(2)	26
At 28 February 2019	2,923	933	2,592	34	6,482
Depreciation					
At 28 February 2017	1,450	598	2,027	130	4,205
Charge for the year	130	91	210	3	434
Disposals	-	-	(10)	-	(10)
Exchange differences	(8)	(27)	(33)	(3)	(71)
At 28 February 2018	1,572	662	2,194	130	4,558
Charge for the year	131	90	248	1	470
Disposals	-	-	(564)	(94)	(658)
Exchange differences	-	8	12	(18)	2
At 28 February 2019	1,703	760	1,890	19	4,372
Net book value					
At 28 February 2019	1,220	173	702	15	2,110
At 28 February 2018	1,290	231	562	-	2,083

The depreciation charge is included in administrative expenses

Notes to the Financial Statements

15. Deferred tax assets and liabilities

a) Recognised deferred tax assets and liabilities

Deferred tax is calculated in full on temporary differences using the tax rate appropriate to the jurisdiction in which the asset or liability arises and the tax rates that are expected to apply in the periods in which the asset or liability is settled

Movement in temporary differences during the year

	Tax losses £'000	Property, plant and equipment £'000	Retirement benefit obligation £'000	Share-based payments £'000	Intangible assets £'000	Other £'000	Total £'000
At 28 February 2017	411	147	61	109	(2,159)	4,014	2,583
(Charge)/credit to the income statement	(315)	114	(8)	(50)	171	(1,870)	(1,958)
Credit/(charge) to equity	-	-	(6)	(30)	-	-	(36)
Exchange differences	(49)	-	-	-	-	(441)	(490)
At 28 February 2018	47	261	47	29	(1,988)	1,703	99
Adjustment on initial application of IFRS 9 (see note 2x)	-	-	-	-	-	54	54
Adjustment on initial application of IFRS 15 (see note 2w)	-	-	-	-	-	214	214
Acquired through business combinations	626	(1)	-	-	(544)	37	118
(Charge)/credit to the income statement	(500)	(31)	(25)	67	194	(266)	(561)
Charge to equity	-	-	1	33	-	-	34
Exchange differences	9	-	-	-	-	49	58
At 28 February 2019	182	229	23	129	(2,338)	1,791	16

Deferred tax assets in respect of losses are only recognised to the extent that it is anticipated they will be utilised in the foreseeable future

The Other deferred tax asset predominantly relates to timing differences i.e. valuation adjustments and return and inventory provisions held on the balance sheet recognised in the current tax calculation and tax return only when utilised. This predominantly relates to the US and Australia.

In 2018 the deferred tax assets decreased by £2.5 million, mainly as the remaining tax payable to be settled over the next two years for temporary differences on how inventories are valued for tax purposes in the US has been moved out of non-current tax payables to deferred tax. £0.9 million of the reduction was from US deferred tax assets recognised at a lower tax rate as the federal tax rate dropped from 35% to 21% during the year

b) The analysis for financial reporting purposes is as follows:

	28 February 2019 £'000	28 February 2018 £'000
Deferred tax assets	2,376	2,092
Deferred tax liabilities	(2,360)	(1,993)
Total	16	99

c) Unrecognised deferred tax assets

The Group had deferred tax assets not recognised in the financial statements as follows

	28 February 2019 £'000	28 February 2018 £'000
Trading losses	370	331
Non-trading losses	-	6

At 28 February 2019, the Group had trading losses of £1.7 million (2018: £0.7 million) and non-trading losses of approximately £nil (2018: £36,000). A deferred tax asset has not been recognised in respect of these losses carried forward as it is not clear whether sufficient income against which the losses may be offset will arise in the Group in the foreseeable future

Deferred tax is not provided on unremitted earnings of subsidiaries where the Group controls the timing of remittance and it is probable that the temporary difference will not reverse in the foreseeable future

16. Inventories

	28 February 2019 £'000	28 February 2018 £'000
Work in progress	3,964	4,732
Finished goods for resale	22,112	21,945
Total	26,076	26,677

The cost of inventories recognised as cost of sales amounted to £35,953,000 (2018: £35,048,000). The provision and write-down of inventories to net realisable value recognised in cost of sales amounted to £8,340,000 (2018: £8,464,000).

17. Trade and other receivables

	28 February 2019 £'000	28 February 2018 £'000
Non-current		
Prepayments and accrued income	1,360	1,530
Current		
Gross trade receivables	52,115	56,419
Less: loss allowance	(2,102)	(931)
Less: provision for returns	–	(7,922)
Net trade receivables	50,013	47,566
Income tax recoverable	1,340	823
Other receivables	1,803	1,311
Prepayments and accrued income	4,683	4,840
Royalty advances	22,667	22,317
Total current trade and other receivables	80,506	76,857
Total trade and other receivables	81,866	78,387

Non-current receivables relate to accrued income on long-term rights deals

A provision is held against gross advances payable in respect of published title advances which may not be fully earned down by anticipated future sales. As at 28 February 2019, £5,434,000 (2018: £5,640,000) of royalty advances are expected to be recovered after more than 12 months.

Trade receivables principally comprise amounts receivable from the sale of books due from distributors. The majority of trade debtors are secured by credit insurance and in certain territories by third-party distributors.

As part of the adoption of IFRS 15 the provision for returns has been reclassified as sales returns liability within trade and other liabilities (see note 2w).

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values. The Group's exposure to credit and currency risks is disclosed in note 24. The average number of days' credit taken for sales of books by the Group was 112 days (2018: 115 days).

A loss allowance is made with reference to specific debts, past default experience, trading history and the current economic environment.

Movements on the Group loss allowance for trade receivables are as follows:

	28 February 2019 £'000	28 February 2018 £'000
At start of year	931	621
Acquired through business combinations	217	–
Adjustment on initial application of IFRS 9	254	–
Amounts created	759	528
Amounts utilised	(56)	(143)
Amounts released	–	(75)
Exchange differences	(3)	–
At end of year	2,102	931

Notes to the Financial Statements

18. Trade and other liabilities

	28 February 2019 £'000	28 February 2018 £'000
Current		
Trade payables	22,414	25,340
Sales returns liability	8,452	-
Taxation and social security	812	1,039
Other payables	2,695	3,461
Accruals	23,126	23,245
Deferred income	3,145	2,100
Total current trade and other liabilities	60,644	55,185
Total trade and other liabilities	60,644	55,185

Trade payables are non-interest bearing and are normally settled on terms of between 30 and 90 days

If actual returns were 10% higher or lower in the year revenue would have been £1.9 million lower/higher (2018: £1.8 million lower/higher)

19. Loans and borrowings

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Liability Bank overdrafts used for cash management purposes £'000	Share capital/ share premium £'000	Equity Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 March 2018	-	40,330	14,142	85,091	139,563
Changes from financing cash flows					
Dividend paid	-	-	-	(5,655)	(5,655)
Proceeds from exercise of share options	-	-	241	(27)	214
Repayment of overdraft	(201)	-	-	-	(201)
Interest paid	(34)	-	-	-	(34)
Total changes from financing cash flows	(235)	-	241	(5,682)	(5,676)
Other changes					
Liability-related					
Overdraft acquired through business combinations	201	-	-	-	201
Interest expense	34	-	-	-	34
Total liability-related other changes	235	-	-	-	235
Total equity-related other changes	-	-	1,386	8,230	9,616
Balance at 28 February 2019	-	40,330	15,769	87,639	143,738

	Liability Bank overdrafts used for cash management purposes £'000	Share capital/ share premium £'000	Equity Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 March 2017	–	40,330	17,904	81,065	139,299
Changes from financing cash flows					
Dividend paid	–	–	–	(5,041)	(5,041)
Interest paid	(31)	–	–	–	(31)
Total changes from financing cash flows	(31)	–	–	(5,041)	(5,072)
Other changes					
Liability-related					
Interest expense	31	–	–	–	31
Total liability-related other changes	31	–	–	–	31
Total equity-related other changes	–	–	(3,762)	9,067	5,305
Balance at 28 February 2018	–	40,330	14,142	85,091	139,563

20. Provisions

	Property £'000
At 1 March 2018	80
Acquired through business combinations	60
Additions	91
Exchange difference	(1)
28 February 2019	230
Non-current	147
Current	83

The property provision includes amounts provided for onerous lease commitments and dilapidations. The timing of cash flows for onerous lease commitments is dependent on the terms of the leases.

21. Share capital and other reserves

Share capital

	28 February 2019 £'000	28 February 2018 £'000
Authorised:		
100,435,582 Ordinary shares of 1.25p each (2018: 100,435,582 Ordinary shares of 1.25p each)	1,255	1,255
Allotted, called up and fully paid:		
75,328,570 Ordinary shares of 1.25p each (2018: 75,328,570 Ordinary shares of 1.25p each)	942	942

The Company has one class of Ordinary share which carries equal voting rights and no contractual right to receive payment. No shares are held by the Company as Treasury shares. Directors and other employees of the Group have been granted options to purchase 1,944,515 (2018: 3,056,553) Ordinary shares with an aggregate nominal value of £24,306 (2018: £38,207) (see note 22).

Share premium

This reserve records the amount above nominal value received for shares sold less transaction costs.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial information of foreign operations.

Notes to the Financial Statements

Merger reserve

The merger reserve comprises the amount that would otherwise arise in share premium relating to specific share issue, wherein more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006.

Capital redemption reserve

The capital redemption reserve arose on the purchase by the Company of its own shares and comprises the amount by which the distributable profits were reduced on these transactions

Share-based payment reserve

The share-based payment reserve comprises cumulative amounts charged in respect of employee share-based payment arrangements.

Own shares held by the Employee Benefit Trust

The Employee Benefit Trust ("EBT") is an independent discretionary trust established to acquire issued shares of the Company to satisfy any of the share-based incentive schemes (see note 22) and plans of the Company. All employees of the Group are potential beneficiaries of the EBT. The results and net assets of the EBT are included in the consolidated financial statements of the Group.

The market value of the 500,708 shares of the Company held at 28 February 2019 (2018: 651,011) in the EBT was £1,164,000 (2018: £1,087,000). While the trustee has power to subscribe for Ordinary shares and to acquire Ordinary shares in the market or from Treasury, it is not permitted to hold more than 5% of the issued share capital without prior approval of the Shareholders.

As at the date of signing this Annual Report, the Trust held 500,708 Ordinary shares of 1.25 pence being approximately 0.7% of the issued Ordinary share capital.

Retained earnings

The retained earnings reserve comprises profit for the year attributable to owners of the Company and other items recognised directly through equity as presented on the consolidated statement of changes in equity.

22. Share-based payments

Options over shares of the ultimate parent undertaking, Bloomsbury Publishing Plc, have been granted to employees of the Group under various schemes.

The total share-based payment charge to the income statement for the year was as follows:

	28 February 2019 £'000	28 February 2018 £'000
Equity-settled share-based transactions	422	181
Cash-settled share-based transactions	76	21
Total	498	202

National Insurance contributions are payable by the Company in respect of some of the share-based payment transactions. These contributions are payable on the date of exercise based on the intrinsic value of the share-based payments and are therefore treated as cash-settled awards. The Group had an accrual for National Insurance at 28 February 2019 of £100,000 (2018: £22,000), of which none related to vested options.

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

The Group operates the PSP for Directors and senior employees. Awards under the scheme are granted as conditional share awards. The number of Ordinary shares comprised in an award is calculated using a share value 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 three years and 50% of the level of vesting is subject to the achievement of Earnings Per Share ("EPS"). The other 50% is subject to Total Shareholder Return ("TSR") performance condition for the 2016 grant and Return on Capital Employed ("ROCE") performance condition for the 2017 and 2018 grant. For details of the performance conditions see the Directors' Remuneration Report on pages 54 to 72. Awards are not exercisable after the vesting date and awards that vest on the vesting date are automatically exercised. Except in certain circumstances awards lapse if the employee leaves the Group.

	Year ended 28 February 2019 Number	Year ended 28 February 2018 Number
Outstanding at start of year	2,449,685	2,369,714
Granted during the year	620,417	792,635
Lapsed during the year	(1,406,574)	(712,664)
Outstanding at end of year	1,663,528	2,449,685
Exercisable at end of year	-	-

	Year ended 28 February 2019	Year ended 28 February 2018
Range of exercise price of outstanding awards (pence)	-	-
Weighted average remaining contracted life (months)	17	16
Expense recognised for the year (£'000)	386	146

The share awards granted in the year to 28 February 2019 have been measured based on the share price at the date of grant as they are only subject to non-market conditions. The inputs were:

Performance condition	Earnings Per Share	Return on Capital Employed
Share price	220 pence	220 pence
Exercise price	-	-
Expected term	3 years	3 years
Expected volatility	n/a	n/a
Risk-free interest rate	n/a	n/a
Fair value charge per award	220 pence	220 pence

Half of each award is subject to an EPS performance condition and half of each award is subject to a Return on Capital Employed condition.

The awards for Executive Directors only will be subject to clawback provisions and to a two-year post-vesting holding period.

b) The Bloomsbury Sharesave Plan 2014

The Group operates an HM Revenue and Customs approved savings-related share option scheme under which employees are granted options to purchase Ordinary shares in the Company in three years' time, dependent upon their entering into a contract to make monthly contributions to a savings account over the period of the savings term. The Sharesave Plan is open to all UK employees.

	Share options 2019 Number	Weighted average exercise price 2019 Pence	Share options 2018 Number	Weighted average exercise price 2018 Pence
Outstanding at start of year	372,775	140	183,358	142
Granted during the year	-	-	194,535	137
Exercised during the year	(150,303)	142	-	-
Lapsed during the year	(46,997)	139	(5,118)	141
Outstanding at end of year	175,475	138	372,775	140
Exercisable at end of year	7,140	142	-	-

	2019	2018
Range of exercise price of outstanding options (pence)	137-142	137-142
Weighted average remaining contracted life (months)	17	21
Expense recognised for the year (£'000)	17	56

Notes to the Financial Statements

c) The Bloomsbury Company Share Option Plan 2014 ("the CSOP")

The Group operates the CSOP for senior employees. The vesting period is three years and the level of vesting is subject to the achievement of "Annualised EPS in excess of RPI" performance conditions. Options are exercisable by the participant after the vesting date whilst the participant continues in employment with the Group up to a period ending ten years after the date of grant

	Share options 2019 Number	Weighted average exercise price 2019 Pence	Share options 2018 Number	Weighted average exercise price 2018 Pence
Outstanding at the start of year	234,093	160	315,049	160
Lapsed during the year	(128,581)	159	(80,956)	160
Outstanding at end of year	105,512	162	234,093	160
Exercisable at end of year	-	-	-	-
			2019	2018
Range of exercise price of outstanding awards (pence)			162	159-162
Weighted average remaining contracted life (months)			87	93
Expense recognised for the year (£'000)			-	-

23. Retirement benefit obligations

Pension costs

The pension costs charged to the income statement of £1,340,000 (2018: £1,138,000) relate to the Group's defined contribution and defined benefit pension arrangements.

Defined contribution plans

The Group operates defined contribution retirement benefit plans for all qualifying employees.

The total cost charged to the income statement of £1,322,000 (2018: £1,119,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. At 28 February 2019, there were no prepaid contributions (28 February 2018: £nil)

Defined benefit plan

A subsidiary company operates a defined benefit scheme for some staff which is accounted for in accordance with IAS 19. Accrual of benefits ceased in 1997, with the scheme now operated as a closed fund. There is no obligation in respect of medical costs. The scheme is actuarially valued every three years. The last full actuarial valuation was carried out as at 28 February 2015 and updated to 28 February 2018 by a qualified independent actuary.

Contributions are paid by the employer at the rate of £5,039 per month, plus expenses as and when required. Contributions paid to the scheme during the year were £73,000 (2018: £71,000). The Directors' best estimate of the contributions including administration expenses to be paid for in the year ending 28 February 2019 is £75,000. In addition, PPF levies and other administration expenses are payable by the Group as and when due.

The Group's policy is to fund the deficit in the scheme by additional contributions to meet the scheme's commitment to members.

The financial assumptions used by the actuary for the update were as follows:

	28 February 2019 £'000	28 February 2018 £'000	28 February 2017 £'000
Discount rate	2.70%	2.70%	2.60%
Inflation assumption	2.20-3.20%	2.20-3.20%	2.40-3.40%

The scheme is closed and there are no active paying members, therefore no increases in payments have been applied. The assumptions used are estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily occur in practice.

The mortality assumptions adopted at 28 February 2019 are 90% of the standard tables S2PxA, year of birth, no age rating for males and females, projected using CMI_2017 converging to 1.50% p.a. These imply the following life expectancies

	28 February 2019 Years	28 February 2018 Years
Male retiring in 2039	24.7	24.9
Female retiring in 2039	26.7	26.8
Male retiring in 2019	23.0	23.1
Female retiring in 2019	24.9	25.0

The amounts recognised in the income statement in respect of the defined benefit scheme are as follows

	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Interest cost	(17)	(17)
Return on pension plan assets	13	12
Expenses	(14)	(14)
Total	(18)	(19)

A charge of £17,000 (2018: £17,000) has been included in finance costs and a credit of £13,000 (2018: £12,000) has been included in finance income

The amounts recognised in other comprehensive income in respect of the defined benefit scheme are as follows

	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Return on pension plan assets	9	8
Experience gains and losses arising on the defined benefit obligation – (loss)/gain	(15)	9
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	–	16
Total	(6)	33

The amount included in the statement of financial position arising from the Group's obligation in respect of the defined benefit pension scheme is as follows

	28 February 2019 £'000	28 February 2018 £'000
Fair value of assets (with profit policy)	540	472
Present value of defined benefit obligations	(661)	(642)
Deficit in scheme	(121)	(170)
Deferred tax assets	21	29
Net liability to be recognised	(100)	(141)

Analysis for reporting purposes:

Non-current liabilities	(121)	(170)
Deferred tax assets	21	29

Notes to the Financial Statements

Movements in the present value of defined benefit obligations in the year were as follows:

	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
At start of year	(642)	(684)
Expenses	(14)	(14)
Interest cost	(17)	(17)
Benefits paid and expenses	27	48
Remeasurement losses	(15)	25
At end of year	(661)	(642)

Movements in the fair value of scheme assets in the year were as follows:

	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
At start of year	472	429
Return on plan assets	13	12
Remeasurement gains	9	8
Employer contributions	73	71
Benefits paid and expenses	(27)	(48)
At end of year	540	472

The actual return on scheme assets was £22,000 (2018: £20,000).

Assets

	28 February 2019 £'000	28 February 2018 £'000	28 February 2017 £'000
With profits	540	472	429
Total assets	540	472	429

None of the fair values of the assets shown above include any direct investments in the Company's own financial instruments or any property occupied by, or other assets used by, the Company. All of the scheme assets have a quoted market price in an active market.

24. Financial instruments and risk management

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to Shareholders as well as sustaining the future development of the business. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders and issue new shares. The Group's overall strategy remains unchanged from 2018.

The capital structure of the Group comprises equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity and note 21.

Categories of financial instruments

	Notes	28 February 2019 £'000	28 February 2018 £'000
Equity securities			
Equity securities designated as at FVOCI (Level 3)	13	300	300
Loans and receivables			
Cash and cash equivalents		27,580	25,428
Trade receivables	17	50,013	47,566
Accrued income		3,751	4,861
Total loans and receivables		81,344	77,855
Financial liabilities measured at amortised cost			
Trade payables	18	22,414	25,340
Other payables due in less than one year		3,507	4,500
Sales returns liability	18	8,452	-
Accruals	18	23,126	23,245
Total financial liabilities measured at amortised cost		57,499	53,085
Net financial instruments		24,145	25,070

The equity securities are classed as level 3 as the shares are not actively traded stock. The fair value is assessed based on recent share subscriptions where these are available and relevant to the fair value of the investment.

There is no material difference between the fair value and book value of financial assets and liabilities.

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance from the key risks of market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board has approved the Group Treasury policies and procedures by which the Group Treasury function is to be managed. The Group Treasury function is headed by the Group Finance Director and is part of Bloomsbury's Finance Department. It operates under a delegated authority from the Board.

The Treasury management policies and procedures focus on the investment of surplus operating cash likely to be needed in order to support Bloomsbury's ongoing operations, foreign currency requirements and interest rate risk management. The Group does not use derivative contracts for speculative purposes. The policies are reviewed at least on an annual basis by the Group Finance Director and any amendments are approved by the Board. The Board is assisted in its oversight role by Internal Audit, which undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's activities expose it mainly to the financial risks of changes in foreign currency exchange rates and changes in interest rates. The Group incurs costs in the same currencies as it earns revenue, creating some degree of natural hedging.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by Group Treasury under policies approved by the Board of Directors. Group Treasury monitors the distribution of its cash assets so as to control exposure to the relative performance of any particular territory, currency or institution.

The Board provides written principles for overall risk management, as well as policies covering specific areas, such as funding, foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Notes to the Financial Statements

(i) Interest rate risk

The Group has significant interest-bearing assets in the form of cash and cash equivalents, and as such, cash flows are dependent on changes in market interest rates

Interest rate profile of financial instruments

	28 February 2019 £'000	28 February 2018 £'000
Fixed rate instruments		
Financial assets	1,772	2,895
Financial liabilities	–	–
Total	1,772	2,895
Variable rate instruments		
Financial assets	25,808	22,533
Financial liabilities	–	–
Total	25,808	22,533

Fixed rate financial assets are short-term bank deposits with a maturity date range of one day to one month. Variable rate financial assets are cash at bank.

Fair value sensitivity analysis for fixed rate financial instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at 28 February 2019 would not affect the income statement.

Cash flow sensitivity analysis for variable rate financial instruments

The Group derived the following sensitivities to assess the impact of changes in interest rates, based on the effect of the market volatility in the current climate and the previous 12 months. The analysis assumes all other variables remain constant

	28 February 2019		28 February 2018	
	Profit or loss £'000	Equity £'000	Profit or loss £'000	Equity £'000
Impact on profit or loss and equity				
1% increase in base rate of interest (2018: 1%)	(187)	–	129	–
0.5% decrease in base rate of interest (2018: 0.5%)	(102)	–	(71)	–

(ii) Currency risk

The Directors believe that in its current circumstances, the Group's risk from foreign currency exposure is limited and no active currency risk management by hedging is considered necessary, as a significant proportion of revenues is matched by expenditure in the same local currency, creating some degree of natural hedging.

The Group's exposure to foreign currency risk was as follows based on notional amounts.

	Loans and receivables		Financial liabilities	
	28 February 2019 £'000	28 February 2018 £'000	28 February 2019 £'000	28 February 2018 £'000
GBP	46,729	53,443	38,589	38,749
USD	25,812	17,840	13,304	8,278
EURO	1,503	201	116	48
AUD	4,946	4,649	4,750	5,786
INR	2,354	1,722	740	224
Total	81,344	77,855	57,499	53,085

No significant amounts of loans and receivables or financial liabilities are denominated in currencies other than sterling, US dollars, euros, Australian dollars or Indian rupees.

Foreign currency sensitivity analysis

The Group derived the following sensitivities based on the outstanding foreign currency denominated financial assets and liabilities at the year end. The sensitivity analysis includes loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower

The use of a 10% sensitivity rate has been determined based on the effect of the market volatility in exchange rates between the current and previous year end, and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit or equity

	28 February 2019 £'000	28 February 2018 £'000
Impact on equity		
10% weakening in US dollar against pound sterling (2018: 10%)	(689)	(659)
10% strengthening in US dollar against pound sterling (2018: 10%)	842	805
10% weakening in euro against pound sterling (2018: 10%)	-	-
10% strengthening in euro against pound sterling (2018: 10%)	-	-
10% weakening in AUS dollar against pound sterling (2018: 10%)	(18)	103
10% strengthening in AUS dollar against pound sterling (2018: 10%)	22	(126)
10% weakening in INR against pound sterling (2018: 10%)	(147)	(136)
10% strengthening in INR against pound sterling (2018: 10%)	179	166
Impact on income statement		
10% weakening in US dollar against pound sterling (2018: 10%)	(448)	(210)
10% strengthening in US dollar against pound sterling (2018: 10%)	548	257
10% weakening in euro against pound sterling (2018: 10%)	(126)	(14)
10% strengthening in euro against pound sterling (2018: 10%)	154	17
10% weakening in AUS dollar against pound sterling (2018: 10%)	-	-
10% strengthening in AUS dollar against pound sterling (2018: 10%)	-	-
10% weakening in INR against pound sterling (2018: 10%)	-	-
10% strengthening in INR against pound sterling (2018: 10%)	-	-

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables (Note 17) and cash and cash equivalents.

Cash and cash equivalents

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings as assigned by international credit-rating agencies

Trade receivables

The carrying amount of financial assets represents the maximum credit exposure. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on trading experience and the current economic environment. An analysis of the relevant provisions is set out in note 17

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL"). To measure ECLs trade receivables are split into groups with the same characteristics to calculate loss rates. Where possible we have calculated this probability based on historic loss experience using recent sales history, the timing of when the cash was received for the debt and the level of debt not collected for that population

The Group determines its concentration of credit risk based on the individual characteristics of its customers and publicly available knowledge of specific circumstances affecting those customers. The Group defines counterparties as having similar characteristics if they are related entities

Notes to the Financial Statements

At 28 February 2019, the exposure to credit risk for gross trade receivables by geographical region was as follows

	28 February 2019 £'000	28 February 2018 £'000
United Kingdom	34,634	39,356
North America	13,130	12,534
Australia	2,071	2,583
India	2,280	1,946
Total	52,115	56,419

The Group has a significant concentration of credit risk due to its use of third-party distributors. Credit limits for the final customers are set by the distributors based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The distributors belong to established international groups whose business includes a number of publishing interests and clients. The Group's risk is limited as significant amounts outstanding through the UK distributors are secured by credit insurance, and in the US credit risk for significant amounts outstanding through distributors rests with the distributor. The balances with the US distributor make up 95% (2018: 94%) of the North America trade receivable balance. In the United Kingdom balances with the distributors make up 85% (2018: 88%) of the United Kingdom trade receivable balance.

c) Liquidity risk

The Directors do not consider that the Group currently has a significant exposure to liquidity risk, as the Group has limited borrowing and has sufficient cash deposits to meet its debts as they fall due for the foreseeable future.

Cash flow budgets and forecasts are prepared by the operating entities of the Group, aggregated for the Group and regularly reviewed by the Board, and the actual cash position of the Group and each entity is compared monthly against budget. This allows management to ensure that each operating entity and the Group have sufficient cash to meet operational needs. Surplus cash held by the operating entities over and above the balance required for working capital management is invested in interest-bearing accounts and money market deposits.

The Group has an unsecured revolving credit facility with Lloyds Bank Plc. At 28 February 2019, the Group had no draw down (2018: £nil) of this facility with £12.0 million of undrawn borrowing facilities (2018: £12.0 million) available.

The facility comprises a £10-£14 million committed revolving loan facility (amount dependent on time during the year to match Bloomsbury's cash flow cycle), an uncommitted incremental term loan facility of up to £6 million and a £2 million overdraft facility. The overdraft facility is repayable on demand and the loan facilities mature in May 2021. All facilities are subject to two covenants, being a maximum net debt to EBITDA ratio and a minimum interest cover covenant.

The Group's financial liabilities are trade payables, accruals and other payables as shown above. All other financial liabilities are due within one year.

25. Operating leases

At 28 February 2019, the Group had the following outstanding commitments under non-cancellable operating leases

	28 February 2019 £'000	28 February 2018 £'000
Within one year	1,971	1,802
Later than one year and less than five years	7,107	6,607
After more than five years	7,056	7,834
Total	16,134	16,243

The operating leases represent rentals payable by the Group for certain office properties, vehicles and equipment. The lease at the headquarters in Bedford Square is for a period of 20 years from January 2011. The operating leases over vehicles are in respect of company cars driven by certain employees. The operating leases over equipment are in respect of computer and office equipment.

26. Commitments and contingent liabilities

a) Capital commitments

	28 February 2019 £'000	28 February 2018 £'000
Property, plant and equipment	–	–
Intangible assets	105	–
Total	105	–

b) Other commitments

The Group is committed to paying royalty advances to authors in subsequent financial years. At 28 February 2019, this commitment amounted to £18,581,000 (2018: £15,722,000)

c) Guarantees

The Company and certain of its subsidiaries have guarantees to Lloyds Bank Plc in place relating to the Group's borrowing facilities – see note 24c

27. Related party transactions

The Group has no related party transactions other than key management remuneration as disclosed in note 5

28. Post balance sheet events

There are no post balance sheet events

Notes to the Financial Statements

29. Investments in subsidiary companies

The Group's subsidiary companies at 28 February 2019 are

	Country of incorporation	Proportion of equity capital held	Nature of business during the year	Registered office
Subsidiary undertakings held directly by Bloomsbury Publishing Plc:				
A & C Black Limited	England and Wales	100%	Intermediate holding company	1
Bloomsbury India UK Limited	England and Wales	100%	Intermediate holding company	1
Bloomsbury Publishing Inc	USA	100%	Publishing	2
Bloomsbury Information Limited	England and Wales	100%	Publishing	1
Bloomsbury Professional Limited	England and Wales	100%	Publishing	1
Bloomsbury Publishing PTY Limited	Australia	100%	Publishing	3
The Continuum International Publishing Group Limited	England and Wales	100%	Publishing	1
Hart Publishing Limited	England and Wales	100%	Publishing	1
Osprey Publishing Limited	England and Wales	100%	Publishing	1
Bloomsbury Book Publishing Company Limited	England and Wales	100%	Publishing	1
I.B. Tauris & Co. Limited	England and Wales	100%	Publishing	1
Bloomsbury Media Limited	England and Wales	100%	Dormant	1
Christian Knowledge Hub CIC	England and Wales	100%	Dormant	1
Subsidiary undertakings held through a subsidiary company:				
A & C Black Publishers Limited	England and Wales	100%	Publishing	1
Christopher Helm (Publishers) Limited	England and Wales	100%	Publishing	1
Oxford International Publishers Limited t/a Berg Publishers	England and Wales	100%	Publishing	1
John Wisden and Company Limited	England and Wales	100%	Publishing	1
Shire Publications Limited	England and Wales	100%	Publishing	1
British Wildlife Publishing Limited	England and Wales	100%	Publishing	1
Bloomsbury Publishing India Private Limited	India	100%	Publishing	4
Berg Fashion Library Limited	England and Wales	100%	Dormant	1
A & C Black (Distribution) Limited	England and Wales	100%	Dormant	1
A & C Black (Storage) Limited	England and Wales	100%	Dormant	1
Adlard Coles Limited	England and Wales	100%	Dormant	1
Alphabooks Limited	England and Wales	100%	Dormant	1
F. Lewis (Publishers) Limited	England and Wales	100%	Dormant	1
Featherstone Education Limited	England and Wales	100%	Dormant	1
Hambledon and London Limited	England and Wales	100%	Dormant	1
Herbert Press Limited	England and Wales	100%	Dormant	1
John Wisden (Holdings) Limited	England and Wales	100%	Dormant	1
Methuen Drama Limited	England and Wales	100%	Dormant	1
Nautical Publishing Co Limited	England and Wales	100%	Dormant	1
Reed's Almanac Limited	England and Wales	100%	Dormant	1
Sheffield Academic Press Limited	England and Wales	100%	Dormant	1
T & T Clark Limited	England and Wales	100%	Dormant	5
The Athlone Press Limited	England and Wales	100%	Dormant	1
Thoemmes Limited	England and Wales	100%	Dormant	1

All subsidiary undertakings are included in the consolidation.

The following lists all Bloomsbury registered office addresses. Please see wholly owned subsidiary list opposite for relevant registered office code.

- 1 50 Bedford Square, London, WC1B 3DP, United Kingdom.
- 2 1385 Broadway, Fifth Floor, New York, NY 10018, USA
- 3 Level 4, 387 George Street, Sydney, NSW 2000, Australia
- 4 DDA Complex, LSC, Building No. 4, Second Floor, Pocket C-6&7, Vasant Kunj, New Delhi, 110070, India
- 5 C/O RSM, First Floor, Quay 2, 139 Fountainbridge, Edinburgh, EH3 9QG, United Kingdom

For the year ended 28 February 2019, the following subsidiary companies were entitled to exemption from audit under section 479A of the Companies Act 2006

Subsidiary name	Company number
Bloomsbury Information Limited	06409758
Bloomsbury Professional Limited	05233465
The Continuum International Publishing Group Limited	03833148
A & C Black Publishers Limited	00189153
Christopher Helm (Publishers) Limited	01953639
Oxford International Publishers Limited t/a Berg Publishers	03143617
Berg Fashion Library Limited	05728582
John Wisden and Company Limited	00135590
Hart Publishing Limited	03307205
Osprey Publishing Limited	03471853
Shire Publications Limited	00868867
British Wildlife Publishing Limited	06810049
Bloomsbury Book Publishing Company Limited	03830397
I.B. Tauris & Co. Limited	01761687

Company Statement of Financial Position

As at 28 February 2019

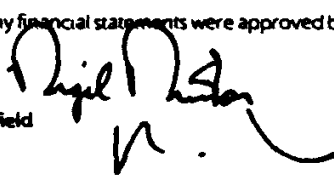
Company Number 1984336

	Notes	28 February 2019 £'000	28 February 2018 £'000
Assets			
Intangible assets	32	2,639	2,522
Property, plant and equipment	33	1,645	1,717
Investments in subsidiary companies	34	83,250	78,843
Other investments	35	300	300
Deferred tax assets	36	470	63
Total non-current assets		88,304	83,445
Inventories	37	6,156	5,957
Trade and other receivables	38	56,977	59,304
Cash and cash equivalents		16,996	16,332
Total current assets		80,129	81,593
Total assets		168,433	165,038
Liabilities			
Provisions	41	108	28
Total non-current liabilities		108	28
Trade and other liabilities	39	71,874	69,394
Current tax liabilities		379	723
Total current liabilities		72,253	70,117
Total liabilities		72,361	70,145
Net assets		96,072	94,893
Equity			
Share capital	42	942	942
Share premium	42	39,388	39,388
Other reserves	42	7,920	7,498
Retained earnings	42	47,822	47,065
Total equity attributable to owners of the Company		96,072	94,893

The Company financial statements were approved by the Board of Directors and authorised for issue on 21 May 2019.

J N Newton
Director

P Scott-Bayfield
Director



Company Statement of Changes in Equity

For the year ended 28 February 2019

	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Retained earnings £'000	Total £'000
At 28 February 2017	942	39,388	1,803	22	5,492	39,044	86,691
Profit for the year and total comprehensive income for the year	-	-	-	-	-	13,091	13,091
Transactions with owners							
Dividends to equity holders of the Company	-	-	-	-	-	(5,040)	(5,040)
Deferred tax on share-based payment transactions	-	-	-	-	-	(30)	(30)
Share-based payment transactions	-	-	-	-	181	-	181
Total transactions with owners of the Company	-	-	-	-	181	(5,070)	(4,889)
At 28 February 2018	942	39,388	1,803	22	5,673	47,065	94,893
Adjustment on initial application of IFRS 9 net of tax (see note 31g)	-	-	-	-	-	(171)	(171)
At 28 February 2018 (restated)	942	39,388	1,803	22	5,673	46,894	94,722
Profit for the year and total comprehensive income for the year	-	-	-	-	-	6,324	6,324
Transactions with owners							
Dividends to equity holders of the Company	-	-	-	-	-	(5,655)	(5,655)
Unclaimed dividends	-	-	-	-	-	12	12
Share options exercised	-	-	-	-	-	214	214
Deferred tax on share-based payment transactions	-	-	-	-	-	33	33
Share-based payment transactions	-	-	-	-	422	-	422
Total transactions with owners of the Company	-	-	-	-	422	(5,396)	(4,974)
At 28 February 2019	942	39,388	1,803	22	6,095	47,822	96,072

Company Statement of Cash Flows

For the year ended 28 February 2019

	Notes	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Cash flows from operating activities			
Profit for the year		6,324	13,091
Adjustments for			
Depreciation of property, plant and equipment		290	268
Amortisation of intangible assets		890	794
Finance income		(122)	(328)
Finance costs		330	187
Share-based payment charges		202	88
Tax expense		1,688	1,598
		9,602	15,698
(Increase)/decrease in inventories		(200)	38
Decrease/(increase) in trade and other receivables		5,756	(2,466)
(Decrease)/increase in trade and other liabilities		(1,307)	2,318
Cash generated from operations		13,851	15,588
Income taxes paid		(2,469)	(1,250)
Net cash generated from operating activities		11,382	14,338
Cash flows from investing activities			
Purchase of property, plant and equipment		(217)	(255)
Purchase of business		(4,097)	-
Purchase of other investments		-	(300)
Purchase of intangible assets		(1,007)	(1,157)
Interest received		45	96
Net cash used in investing activities		(5,276)	(1,616)
Cash flows from financing activities			
Equity dividends paid	40	(5,655)	(5,040)
Proceeds from exercise of share options	40	214	-
Interest paid	40	(1)	(32)
Net cash used in financing activities	40	(5,442)	(5,072)
Net increase in cash and cash equivalents		664	7,650
Cash and cash equivalents at beginning of year		16,332	8,682
Cash and cash equivalents at end of year		16,996	16,332

Notes to the Company Financial Statements

Accounting Policies

30. Reporting entity

Bloomsbury Publishing Plc (the "Company") is a company domiciled in the United Kingdom. The address of the Company's registered office can be found on page 145. The Company is primarily involved in the publication of books and other related services.

31. Significant accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations adopted by the European Union ("EU") at the time of preparing these financial statements and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence at least until June 2020, being the period of the detailed going concern assessment reviewed by the Board.

The Company accounting policies are consistent with the Group policies set out in note 2 to the consolidated financial statements. Key additional policies are stated below.

b) Parent Company result

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 not to present the Company income statement or statement of comprehensive income. The Company's profit for the year was £6,324,000 (2018: £13,091,000).

c) Use of estimates and judgements

The preparation of the Company financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. Critical judgements and areas where the use of estimates is significant are disclosed in note 2v for the Group and are applicable to the Company.

d) Application of new and amended standards and interpretations

The following amendments and interpretations were introduced to accounting standards relevant to the Company during the year ended 28 February 2019. The table below summarises the impact of these changes to the Company.

Accounting standard	Description of change	Impact on financial statements
IFRS 9 Financial Instruments	A description and the impact of the adoption of IFRS 9 Financial Instruments is set out in note 31g.	
IFRS 15 Revenue from Contracts with Customers	A description and the impact of the adoption of IFRS 15 Revenue from Contracts with Customers is set out in note 2w. The impact on the Company is not material.	
Other standards	A number of other new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018.	The standards and amendments have not had a material impact on the Group. Additional disclosure has been provided where relevant.

Notes to the Company Financial Statements

Accounting Policies

The Company has not early adopted the following new and revised accounting standards, interpretations or amendments issued by the International Accounting Standards Board that are currently endorsed but not yet effective

Accounting standard	Description of change	Impact on financial statements
IFRS 16 Leases – effective for annual periods beginning after 1 January 2019	<p>The new standard replaces IAS 17 Leases and related interpretations and details the requirements for the classification, measurement and recognition of lease arrangements.</p> <p>The most significant effect of the new requirements will be an increase in lease assets and lease liabilities for leases currently categorised as operating leases.</p> <p>The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and an interest expense on lease liabilities.</p>	<p>The Company will apply IFRS 16 on 1 March 2019 and anticipates using the modified retrospective approach. Under this approach, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings on 1 March 2019, with no restatement of comparative information.</p> <p>Based on the information currently available, the Company estimates that it will recognise additional lease liabilities of £8 million – £10 million and a corresponding right-of-use asset of £7 million – £9 million as at 1 March 2019.</p> <p>Operating profit for the year ending 29 February 2020 is estimated to increase by approximately £0.1 million, being the difference between the lease expense and depreciation, and profit before tax will decrease by approximately £0.1 million, reflecting a higher total lease interest expense in the initial years.</p> <p>There are several practical expedients and exemptions available under IFRS 16. The Group will exclude leases of low value assets and short-term leases, with a duration of less than 12 months from the application of IFRS 16, with payments for these leases continuing to be expensed directly to the income statement as operating leases.</p>
Other standards	A number of other new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been applied in preparing these financial statements.	The Directors do not anticipate the application of these standards and amendments will have a material impact on the Company's consolidated financial statements.

e) Investment in subsidiaries

Investments in subsidiaries are recorded at cost less accumulated impairment in the statement of financial position. Investments are reviewed at each reporting date to assess whether there are any indicators of impairment. Any impairment losses are recognised in the income statement in the year they occur.

f) Share-based payments

The Company issues equity-settled share-based payment instruments to certain employees of the Group. 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 income statement on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest.

Options granted under the Company's Sharesave scheme are equity-settled. The fair values of such options have been calculated using the Black-Scholes model based on publicly available market data.

Awards granted under the Group's Performance Share Plan are equity-settled. For the awards granted in 2016, part of any award granted under the Plan is subject to a Total Shareholder Return performance condition. The fair value of this element of the awards is calculated using the Stochastic model. For awards granted in 2017 and 2018, part of any award under the Plan is subject to a Return on Capital Employed performance condition. These have been measured based on the share price at the date of grant as they are only subject to non-market conditions. The other part of any award granted under the Plan is subject to an Earnings Per Share performance condition. The fair value of this element of the awards is calculated using the Black-Scholes model. Where the awards are subject to a holding period, we have used the Chaffee model to determine a discount for lack of marketability.

Awards granted under the Company's Share Option Plan are equity-settled. The award is subject to an adjusted Earnings Per Share growth performance condition. The fair value of this award is calculated using the Black-Scholes model.

The Company recharges a share of the share-based payment charge to subsidiaries. This recharge is made via intercompany transactions.

g) Change of accounting policy: IFRS 9

The Company has adopted IFRS 9 Financial Instruments from 1 March 2018 and applied the cumulative effect method. Comparatives for 2018 have not been restated and the cumulative impact of adoption has been recognised as a decrease to opening retained earnings as follows:

Retained earnings	£'000
Provision for impairment of trade receivables	(211)
Taxation	40
Total impact at 1 March 2018	(171)
Non-current assets	
Deferred tax assets	40
Current assets	
Trade and other receivables	(211)
Total impact at 1 March 2018	(171)

The adjustment above arises from the adoption of the forward-looking expected loss impairment model under IFRS 9, which replaces the incurred loss model of IAS 39, when recognising provisions for impairment of trade receivables. Although there is a transition impact from adoption of the new model there was no material impact on profit before tax for the year to 28 February 2019.

32. Intangible assets

	Publishing rights £'000	Systems development £'000	Total £'000
Cost			
At 28 February 2017	660	5,371	6,031
Additions	–	1,156	1,156
At 28 February 2018	660	6,527	7,187
Additions	70	937	1,007
At 28 February 2019	730	7,464	8,194
Amortisation			
At 28 February 2017	660	3,211	3,871
Charge for the year	–	794	794
At 28 February 2018	660	4,005	4,665
Charge for the year	12	878	890
At 28 February 2019	672	4,883	5,555
Net book value			
At 28 February 2019	58	2,581	2,639
At 28 February 2018	–	2,522	2,522

The amortisation charge of £890,000 (2018: £794,000) was included in administrative expenses in the year.

Notes to the Company Financial Statements

33. Property, plant and equipment

	Short leasehold improvements £'000	Furniture and fittings £'000	Computers and other office equipment £'000	Total £'000
Cost				
At 28 February 2017	2,664	420	1,359	4,443
Additions	-	12	241	253
At 28 February 2018	2,664	432	1,600	4,696
Additions	54	21	143	218
At 28 February 2019	2,718	453	1,743	4,914
Depreciation				
At 28 February 2017	1,380	329	1,002	2,711
Charge for the year	93	26	149	268
At 28 February 2018	1,473	355	1,151	2,979
Charge for the year	97	25	168	290
At 28 February 2019	1,570	380	1,319	3,269
Net book value				
At 28 February 2019	1,148	73	424	1,645
At 28 February 2018	1,191	77	449	1,717

The depreciation charge of £290,000 (2018: £268,000) was included in administrative expenses.

34. Investment in subsidiary companies

	£'000
Cost	
At 28 February 2018	88,285
Additions	4,407
At 28 February 2019	92,692
Impairment	
At 28 February 2018 and 28 February 2019	9,442
Net book value	
At 28 February 2019	83,250
At 28 February 2018	78,843

The additions and disposals in the year are in relation to the acquisition of I.B Tauris & Co. Limited

35. Other investments

	28 February 2019 £'000	28 February 2018 £'000
Equity securities designated as at FVOCI	300	300
Total	300	300

36. Deferred tax assets and liabilities

Deferred tax is calculated in full on temporary differences using the tax rate appropriate to the jurisdiction in which the asset or liability arises and the tax rates that are expected to apply in the periods in which the asset or liability is settled.

Movement in temporary differences during the year:

	Property, plant and equipment £'000	Retirement benefit obligation £'000	Share based payments £'000	Provisions £'000	Total £'000
At 28 February 2017	(2)	18	109	–	125
Credit/(charge) to the income statement	17	1	(50)	–	(32)
Charge to equity	–	–	(30)	–	(30)
At 28 February 2018	15	19	29	–	63
Adjustment on initial application of IFRS 9 (see note 31g)	–	–	–	40	40
(Charge)/credit to the income statement	(24)	(16)	67	307	334
Credit to equity	–	–	33	–	33
At 28 February 2019	(9)	3	129	347	470

The analysis for financial reporting purposes is as follows.

	28 February 2019 £'000	28 February 2018 £'000
Deferred tax assets	470	63
Deferred tax liabilities	–	–
Total	470	63

Deferred tax is not provided on unremitted earnings of subsidiaries where the Company controls the timing of remittance and it is probable that the temporary difference will not reverse in the foreseeable future.

37. Inventories

	28 February 2019 £'000	28 February 2018 £'000
Work in progress	1,384	1,652
Finished goods for resale	4,772	4,305
Total	6,156	5,957

The cost of inventories recognised as cost of sales amounted to £16,231,000 (2018: £16,604,000).

The provision and write down of inventories to net realisable value recognised in cost of sales amounted to £2,018,000 (2018: £2,217,000).

Notes to the Company Financial Statements

38. Trade and other receivables

	28 February 2019 £'000	28 February 2018 £'000
Current		
Gross trade receivables	30,457	37,060
Less loss allowance	(1,736)	(927)
Less provision for returns	–	(2,838)
Net trade receivables	28,721	33,295
Amounts owed by Group undertakings	12,209	10,045
Other receivables	2,254	2,116
Prepayments and accrued income	2,946	3,456
Royalty advances	10,847	10,392
Total trade and other receivables	56,977	59,304

A provision is held against gross advances payable in respect of published title advances which may not be fully earned down by anticipated future sales. As at 28 February 2019, £3,180,000 (2018: £3,196,000) of royalty advances are expected to be recovered after more than 12 months.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values. The Company's exposure to credit and currency risks is disclosed in note 44. Trade receivables principally comprise amounts receivable from the sale of books due from distributors. The average number of days' credit taken for sales of books by the Company was 163 days (2018: 196 days).

As part of the adoption of IFRS 15 the provision for returns has been reclassified as sales returns liability within trade and other liabilities (see note 39).

Movements on the Company's loss allowance for trade receivables are as follows.

	28 February 2019 £'000	28 February 2018 £'000
At start of year	927	618
Adjustment on initial application of IFRS 9	212	–
Amounts created	641	527
Amounts released	–	(75)
Amounts utilised	(44)	(143)
At end of year	1,736	927

39. Trade and other liabilities

	28 February 2019 £'000	28 February 2018 £'000
Current		
Trade payables	5,657	7,146
Sales return liability	3,392	–
Amounts owed to Group undertakings	46,890	45,583
Taxation and social security	637	586
Other payables	1,817	2,205
Accruals and deferred income	13,481	13,874
Total current trade and other liabilities	71,874	69,394
Total trade and other payables liabilities	71,874	69,394

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. Non-current other payables include the authors' share of rights receivable falling due after more than one year.

If actual returns were 10% higher or lower in the year revenue would have been £1 million lower/higher (2018: £0.8 million).

40. Loans and borrowings

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liability Bank overdrafts used for cash management purposes £'000	Share capital/share premium £'000	Equity Other reserves £'000s	Retained earnings £'000	Total £'000
Balance at 1 March 2018	–	40,330	7,498	47,065	94,893
Changes from financing cash flows					
Dividend paid	–	–	–	(5,655)	(5,655)
Proceeds from exercise of share options	–	–	–	214	214
Interest paid	(1)	–	–	–	(1)
Total changes from financing cash flows	(1)	–	–	(5,441)	(5,442)
Other changes					
Liability-related					
Interest expense	1	–	–	–	1
Total liability-related other changes	1	–	–	–	1
Total equity-related other changes	–	–	422	6,198	6,620
Balance at 28 February 2019	–	40,330	7,920	47,822	96,072

	Liability Bank overdrafts used for cash management purposes £'000	Share capital/share premium £'000	Equity Other reserves £'000s	Retained earnings £'000	Total £'000
Balance at 1 March 2017	–	40,330	7,317	39,044	86,691
Changes from financing cash flows					
Dividend paid	–	–	–	(5,041)	(5,041)
Interest paid	(31)	–	–	–	(31)
Total changes from financing activities	(31)	–	–	(5,041)	(5,072)
Other changes					
Liability-related					
Interest expense	31	–	–	–	31
Total liability-related other changes	31	–	–	–	31
Total equity-related other changes	–	–	181	13,062	13,243
Balance at 28 February 2018	–	40,330	7,498	47,065	94,893

Notes to the Company Financial Statements

41. Provisions

	Property £'000
At 1 March 2018	28
Created in the year	80
At 28 February 2019	108
Non-current	108
Current	-

The property provision is in respect of dilapidations for the Bedford Square head office

42. Share capital and other reserves

For details of share capital, share premium, merger reserve, capital redemption reserve, share-based payment reserve and retained earnings see note 21 and the Company statement of changes in equity attributable to the owners of the Company. For details of the Company profit for the year see note 31b.

For details of dividends see note 8

As at 28 February 2019, the Company had distributable reserves of £47.8 million. The total external dividends relating to the year ended 28 February 2019 amounted to £6.0 million. The Company distributable reserves support over 8.0 times this annual dividend.

43. Share-based payments

Options over shares of the Company have been granted to employees of the Company and Group under various schemes. The full share-based payment disclosures can be found in note 22.

The total share-based payment charge to the income statement for the year was

	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Equity-settled share-based transactions	422	181
Cash-settled share-based transactions	76	21
Total	498	202

£296,000 (2018: £114,000) of this amount was recharged to subsidiaries of the Company.

44. Financial instruments and risk management

Full disclosures relating to the Group's financial risk management strategies and other financial assets and liabilities are given in note 24 to the consolidated financial statements.

Categories of financial instruments

	Notes	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Equity securities			
Equity securities designated as at FVOCI (Level 3)	35	300	300
Loans and receivables			
Cash and cash equivalents		16,996	16,332
Amounts owed by Group undertakings	38	12,209	10,045
Trade receivables	38	28,721	33,295
Accrued income		1,693	2,344
Total loans and receivables		59,619	62,016
Financial liabilities measured at amortised cost			
Trade payables	39	5,657	7,146
Sales return liability	39	3,392	-
Accruals		13,436	13,648
Other payables		2,454	2,791
Amounts owed to Group undertakings	39	46,890	45,583
Total financial liabilities measured at amortised cost		71,829	69,168
Net financial instruments		(11,910)	(6,852)

The equity securities are classed as level 3 as the shares are not actively traded stock. The fair value is assessed based on recent share subscriptions where these are available and relevant to the fair value of the investment.

a) Market risk

i) Interest rate risk

Interest rate profile of financial assets.

	28 February 2019 £'000	28 February 2018 £'000
Variable rate financial assets	16,996	16,332

Notes to the Company Financial Statements

Interest rate sensitivity analysis

The Company derived the following sensitivities to assess the impact of changes in interest rates, based on the effect of the market volatility in the current climate and the previous 12 months. The analysis assumes all other variables remain constant.

	28 February 2019 £'000	28 February 2018 £'000
Impact on profit and equity		
1% increase in base rate of interest (2018: 1%)	132	81
0.5% decrease in base rate of interest (2018: 0.5%)	(67)	(44)

ii) Currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts

	Loan and receivables		Financial liabilities	
	28 February 2019 £'000	28 February 2018 £'000	28 February 2019 £'000	28 February 2018 £'000
GBP	54,176	60,593	70,758	68,905
USD	3,793	1,154	955	215
EURO	1,474	201	116	48
AUD	176	68	-	-
Total	59,619	62,016	71,829	69,168

Foreign currency sensitivity analysis

The Company derived the following sensitivities based on the outstanding foreign currency denominated financial assets and liabilities at the year end

The use of a 10% sensitivity rate has been determined based on the effect of the market volatility in exchange rates between the current and previous year end, and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit or loss and equity.

	28 February 2019 £'000	28 February 2018 £'000
Impact on profit or loss		
10% weakening in US dollar against pound sterling (2018: 10%)	(258)	(85)
10% strengthening in US dollar against pound sterling (2018: 10%)	315	104
10% weakening in euro against pound sterling (2018: 10%)	(123)	(14)
10% strengthening in euro against pound sterling (2018: 10%)	151	17
10% weakening in AUS dollar against pound sterling (2018: 10%)	(16)	(6)
10% strengthening in AUS dollar against pound sterling (2018: 10%)	20	8

b) Credit risk

The Company has a significant concentration of credit risk due to its use of third-party distributors. Credit limits for the final customers are set by the distributors based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The distributors belong to established international groups whose business includes a number of publishing interests and clients. The Company's risk is limited as significant amounts outstanding through the UK distributors are secured by credit insurance. The balances with the distributors make up 85% (2018: 88%) of the gross trade receivable balance.

c) Liquidity risk

The Group has an unsecured revolving credit facility with Lloyds Bank Plc. At 28 February 2019, the Group had no draw down (2018: £nil) of this facility with £12.0 million of undrawn borrowing facilities (2018: £12.0 million) available.

The facility comprises a £10–£14 million committed revolving loan facility (amount dependent on time during the year to match Bloomsbury's cash flow cycle), an uncommitted incremental term loan facility of up to £6 million and a £2 million overdraft facility. The overdraft facility is repayable on demand and the loan facilities mature in May 2021. All facilities are subject to two covenants, being a maximum net debt to EBITDA ratio and a minimum interest cover covenant.

45. Operating leases

At 28 February 2019, the Company had the following outstanding commitments under non-cancellable operating leases:

	28 February 2019 £'000	28 February 2018 £'000
Within one year	953	876
Later than one year and fewer than five years	3,288	3,322
After more than five years	5,446	6,243
Total	9,687	10,441

The operating leases represent rentals payable by the Company for certain office properties, vehicles and equipment, see note 25 for further details.

46. Commitments and contingent liabilities

a) Capital commitments

	28 February 2019 £'000	28 February 2018 £'000
Property, plant and equipment	–	–
Intangible assets	105	–
Total	105	–

b) Other commitments

The Company is committed to paying royalty advances in subsequent financial years. At 28 February 2019, this commitment amounted to £10,957,000 (2018: £9,061,000).

c) Guarantees

The Company and certain of its subsidiaries have guarantees to Lloyds Bank Plc in place relating to the Group's borrowing facilities, see note 44c.

The Company has guaranteed the liabilities of certain of its UK subsidiaries, being those listed in note 29, to enable them to take the audit exemption under section 479A of the Companies Act 2006.

47. Related parties

Trading transactions

During the year the Company entered into the following transactions and had the following balances with its subsidiaries:

	28 February 2019 £'000	28 February 2018 £'000
Sale of goods to subsidiaries	8,553	10,759
Management recharges	9,667	9,843
Commission payable to subsidiaries	(5)	–
Finance income from subsidiaries	77	232
Amounts owed by subsidiaries at year end	12,209	10,045
Amounts owed to subsidiaries at year end	46,890	45,583

All amounts outstanding are unsecured and will be settled in cash. No provisions have been made for doubtful debts in respect of the amounts owed by subsidiaries.

Key management remuneration is disclosed in note 5.

Five Year Financial Summary

	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000
Revenue	111,125	123,725	142,564	161,510	162,679
Adjusted profit†	12,079	13,028	12,039	13,217	14,374
Adjusted diluted EPS‡	14.73p	15.24p	12.63p	13.92p	14.97p
Dividend per share	6.10p	6.40p	6.70p	7.51p	7.96p
Return on Capital Employed	9.0%	9.2%	8.2%	9.9%	11.0%
Net assets	124,154	132,967	139,299	139,563	143,738
Net cash*	10,021	5,166	15,478	25,428	27,580

† Adjusted profit is profit before taxation, amortisation of acquired intangible assets and other highlighted items.

‡ Adjusted diluted EPS is calculated from adjusted profit with tax on adjusted profit deducted.

* Net cash is cash and cash equivalents net of the bank overdraft.

Company Information

Chairman	Sir Richard Lambert – Non-Executive Chairman
Executive Directors	Nigel Newton – Founder and Chief Executive Penny Scott-Bayfield – Group Finance Director Jonathan Glasspool – Executive Director
Independent Non-Executive Directors	John Warren – Senior Independent Director Jill Jones Steven Hall
Company Secretary	Maya Abu-Deeb
Registered Office	50 Bedford Square London WC1B 3DP +44 (0) 20 7631 5600
Registered number	01984336 (England & Wales)
Auditor	KPMG LLP 15 Canada Square London E14 5GL
Bankers	Lloyds Bank 25 Gresham Street London EC2V 7HN
Stockbrokers and Financial Advisers	Investec Investment Banking 30 Gresham Street London EC2V 7QP
Registrars	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

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The Company does not undertake any obligation to update or keep current the information contained in this document, including any forward looking statements, or to correct any inaccuracies which may become apparent and any opinions expressed in it are subject to change without notice.

References in this report to other reports or materials, such as a website address, have been provided to direct the reader to other sources of Bloomsbury information which may be of interest. Neither the content of Bloomsbury's website nor any website accessible by hyperlinks from Bloomsbury's website nor any additional materials contained or accessible thereon, are incorporated in, or form part of, this report.

Notice of the Annual General Meeting

Bloomsbury Publishing Plc

To be held at the registered office of
Bloomsbury Publishing Plc at
50 Bedford Square
London
WC1B 3DP

On Wednesday 17 July 2019 at 12.00 noon

To Bloomsbury Shareholders

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the contents of this document or what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you sell or have sold or otherwise transferred all of your shares in Bloomsbury Publishing Plc, please send this document together with the accompanying documents as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or the transferee.

Letter to Shareholders

21 May 2019

Dear Shareholder

Bloomsbury Publishing Plc - Annual General Meeting

I am pleased to inform you that this year's Annual General Meeting ("AGM") of Bloomsbury Publishing Plc (the "Company") will be held at 50 Bedford Square, London WC1B 3DP on Wednesday 17 July 2019 at 12.00 noon

Information regarding the AGM, including the information required by section 311A of the Companies Act 2006 is available from www.bloomsbury-ir.co.uk

The AGM is an important opportunity for the Directors to listen to the shareholders and respond to their questions. It is also when shareholders are asked to vote in favour of various resolutions related to the running and management of the Company. This document provides details of the resolutions to be voted upon at the AGM and includes the formal notice convening the AGM. You will also find notes in the section entitled "Explanatory Notes to the Resolutions" relating to the resolutions that you will be asked to consider and vote on at the AGM. Resolutions 1 to 13 will be proposed as ordinary resolutions and resolutions 14 to 16 will be proposed as special resolutions.

If you have elected to receive information from the Company in hard copy, you will have received the Annual Report & Accounts 2019 with this document. Shareholders who have not elected to receive hard copy documents can view or download the Annual Report & Accounts 2019 and this Notice from our website at www.bloomsbury-ir.co.uk.

This year, you will not receive a form of proxy for the AGM in the post. Instead, you will find instructions in the section entitled "Explanatory Notes to the Notice" to enable you to vote electronically and how to register to do so. To register, you will need your Investor Code, which can be found on your share certificate. Submission of a proxy vote will not preclude you from attending and voting at the AGM in person and you may request a paper form of proxy from our Registrar, Link Asset Services. Proxy votes should be submitted as early as possible and in any event by no later than 12.00 noon on Monday 15 July 2019 in order to count towards the vote.

The Directors consider that all the resolutions that are to be considered at the AGM are in the best interests of the Company and its shareholders as a whole and are most likely to promote the success of the Company for the benefit of shareholders as a whole. The Directors unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do so in respect of their own interests (both beneficial and non-beneficial).

Yours faithfully

Maya Abu-Deeb
General Counsel & Group Company Secretary
Bloomsbury Publishing Plc
21 May 2019

Notice of the Annual General Meeting

Bloomsbury Publishing Plc

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Bloomsbury Publishing Plc (the "Company") will be held at 50 Bedford Square, London, WC1B 3DP on Wednesday 17 July 2019 at 12 00 noon

You will be asked to consider and vote on the resolutions below. Resolutions 1 to 13 will be proposed as ordinary resolutions and resolutions 14 to 16 will be proposed as special resolutions.

Ordinary Business

Shareholders are asked to consider and, if thought fit, to pass the following resolutions as ordinary resolutions

1. To receive the audited accounts of the Company for the year ended 28 February 2019, together with the Report of the Directors and the report of the Auditor thereon
2. To approve the Annual Statement by the Chairman of the Remuneration Committee and the Annual Report on Directors' Remuneration for the year ended 28 February 2019, as set out on pages 54 to 55 and 62 to 72 respectively of the Company's Annual Report and Accounts for the year ended 28 February 2019.
3. To declare a final dividend of 6.75p per Ordinary share.
4. To appoint Leslie-Ann Reed as a Director of the Company
5. To re-appoint John Warren as a Director of the Company
6. To re-appoint Steven Hall as a Director of the Company
7. To re-appoint Nigel Newton as a Director of the Company.
8. To re-appoint Penny Scott-Bayfield as a Director of the Company
9. To re-appoint Jonathan Glasspool as a Director of the Company
10. To re-appoint Sir Richard Lambert as a Director of the Company
11. To re-appoint KPMG LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which financial statements for the Company are laid before the Company.
12. To authorise the Directors to determine the remuneration of the Auditor on behalf of the Company

Special Business

Shareholders are asked to consider and, if thought fit, to pass the following resolutions of which Resolution 13 will be proposed as an ordinary resolution and resolutions 14, 15 and 16 will be proposed as special resolutions

13. THAT:

- a. the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company to such persons and on such terms as they think proper up to a maximum aggregate nominal amount of £313,869 provided that:
 - i. this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, 15 months from the date of passing of this resolution, unless previously varied, revoked or renewed by the Company in general meeting; and
 - ii the Company shall be entitled to make, before the expiry of such authority, any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares in the Company to be granted after the expiry of such authority and the Directors may allot any shares pursuant to such offer or agreement as if such authority had not expired; and
 - iii the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
- b. all prior authorities to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company given to the Directors by resolution of the Company be revoked but without prejudice to the allotment of any shares already made or agreed to be made pursuant to such authorities.

14. THAT: if Resolution 13 is passed, the Directors be authorised to allot equity securities (as defined in the Companies Act 2006 ("the Act")) for cash under the authority given by that resolution and/or to sell Ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale such authority to be limited:

- i. to the allotment of equity securities in connection with a rights issue, open offer or other pre-emptive offer in favour of holders of Ordinary shares in the Company where the equity securities respectively attributable to the interests of all such holders of Ordinary shares are proportionate (as nearly as may be) to the respective numbers of and/or rights attaching to Ordinary shares held by them, subject to such exceptions, exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any regulatory body or any stock exchange or otherwise in any territory;

- ii to the allotment of equity securities pursuant to the terms of the Company's existing employees' share or share option schemes or any other employees' share scheme approved by the shareholders of the Company in general meeting, and
- iii to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph i and ii above) up to a nominal value not exceeding in aggregate £47,080,

and shall expire at the conclusion of the next Annual General Meeting of the Company after passing this resolution or, if earlier, 15 months from the date of passing of this resolution, unless previously varied, revoked or renewed by the Company in general meeting, and provided that the Company may, before such expiry, make any offer or agreement which would or might require equity securities to be allotted or Ordinary shares held by the Company as treasury shares to be sold after such expiry and the Directors may allot equity securities or sell treasury shares pursuant to any such offer or agreement as if the power hereby conferred had not expired; and all prior powers granted under section 571 of the Act revoked, provided that such revocation shall not have retrospective effect

- 15 THAT: if Resolution 13 is passed, the Directors be authorised, in addition to any authority granted under Resolution 14, to allot equity securities (as defined in the Companies Act 2006 ("the Act")) for cash under the authority given by Resolution 13 and/or to sell Ordinary shares held by the Company as treasury shares for cash, as if section 561 of the Act did not apply to any such allotment or sale, such further authority to be
- a limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £47,080; and
 - b used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the notice of this resolution,

and shall expire at the conclusion of the next Annual General Meeting of the Company after passing this resolution or, if earlier, 15 months from the date of passing of this resolution, unless previously varied, revoked or renewed by the Company in general meeting, and provided that the Company may, before such expiry, make any offer or agreement which would or might require equity securities to be allotted or Ordinary shares held by the Company as treasury shares to be sold after such expiry and the Directors may allot equity securities or sell treasury shares pursuant to any such offer or agreement as if the power hereby conferred had not expired; and all prior powers granted under section 571 of the Act revoked, provided that such revocation shall not have retrospective effect

- 16 THAT: the Company be authorised, pursuant to section 701 of the Companies Act 2006 ("the Act"), to make market purchases (as defined in section 693(4) of the Act) of any of its Ordinary shares of 1 25p each ("Ordinary shares") in such manner and on such terms as the Directors may from time to time determine provided that
- a the maximum number of Ordinary shares authorised to be purchased is 7,532,857 Ordinary shares being 10% of the issued Ordinary shares of the Company at the date of the notice of this resolution;
 - b the maximum price (exclusive of expenses) which may be paid for each Ordinary share is an amount equal to 105 per cent of the average of the middle market quotations for an Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such share is contracted to be purchased and the minimum price (exclusive of expenses) which may be paid for each Ordinary share is 1.25 pence;
 - c the authority hereby conferred shall, unless previously varied, revoked or renewed, expire at the conclusion of the next AGM of the Company to be held after passing this resolution or 15 months from the date of passing of this resolution, whichever shall be the earlier, and
 - d the Company shall be entitled under such authority to make at any time before its expiry or termination any contract to purchase its own shares which will or might be concluded wholly or partly after the expiry or termination of such authority and may purchase its own shares pursuant to such contract

By order of the Board

Maya Abu-Deeb

General Counsel & Group Company Secretary

Bloomsbury Publishing Plc

21 May 2019

Registered Office

50 Bedford Square

London

WC1B 3DP

Explanatory Notes to the Resolutions

Resolutions 1 to 13 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution

Resolutions 14 to 16 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution

Resolution 1 (ordinary resolution) – Report and Accounts

To receive the report of the Directors and the financial statements for the year ended 28 February 2019, together with the report of the Auditor

Resolution 2 (ordinary resolution) – Approval of Annual Statement by the Chairman of the Remuneration Committee and Annual Report on Directors' Remuneration

The Directors are required to prepare the Directors' Remuneration Report, comprising an annual report detailing the remuneration of the Directors and an annual statement by the Chair of the Remuneration Committee. These are set out on pages 54 to 55 and 62 to 72 of the Annual Report & Accounts. The Company is required to seek shareholders' approval in respect of the contents of the Remuneration Report on an annual basis (excluding the part containing the Directors' Remuneration Policy) and of the annual statement. The vote for Resolution 2 is an advisory one

Resolution 3 (ordinary resolution) – Final dividend

The Board proposes a final dividend of 6.75p per share for the year ended 28 February 2019. If approved, the recommended final dividend will be paid on 23 August 2019 to all shareholders on the register on the record date of 26 July 2019. Payments will be made by cheque or BACS (where there is an existing dividend mandate). The final dividend equates to an aggregate distribution to shareholders of approximately £5.1 million, making approximately £6.0 million in aggregate for the interim and final dividend together for the year ended 28 February 2019.

Resolutions 4 to 10 (ordinary resolutions) – Re-appointment of Directors

In accordance with best practice for issuers listed on the Main Market of the London Stock Exchange and the Articles of Association of the Company ("Articles"), all the Directors will retire at the AGM and, being eligible, offer themselves for re-appointment except for Jill Jones who will resign as a Director of the Company. Shareholders will be asked to vote on the appointment of Leslie-Ann Reed as a Director of the Company with effect from 17 July 2019. The Nomination Committee recommended Leslie-Ann's appointment to the Board following its review of the skills, knowledge and experience needed and a rigorous and thorough search process.

Leslie-Ann is currently an Independent Non-Executive Director and Chair of the Audit Committee of the AIM-listed company Learning Technologies Group plc, and a Non-Executive Director of the German-listed company ZEAL Networks SE where she is Vice Chair of the Supervisory Board and Chair of the Audit Committee. Until May 2018 she was a Non-Executive Director and Chair of the Audit Committee of the London listed publisher Quarto Group, Inc. Leslie-Ann is a Chartered Accountant. She graduated from Leeds Metropolitan University with a BA (Hons) in Accountancy and began her career at Arthur Anderson. She has since held senior finance roles in various media and professional services companies, namely Universal Pictures, Polygram Music, EMI Music and Warner Communication Inc, acted as an advisor to Manwyn Investment Management, and was Chief Financial Officer of the B2B media group Metal Bulletin plc and the online auctioneer Go Industry plc.

The Board has considered the appraisal of the performance of each Director offering themselves for re-appointment and has concluded that each of them makes positive and effective contributions to the meetings of the Board and the committees on which they sit and that they demonstrate commitment to their roles.

The Board is satisfied that each Non-Executive Director offering themselves for appointment or re-appointment is independent in character and there are no relationships or circumstances likely to affect their character or judgement.

Biographies of each of the Directors are available from the Company's website: www.bloomsbury-ir.co.uk

The Board unanimously recommends the appointment or re-appointment of each of the Directors.

Resolution 11 (ordinary resolution) – Reappointment of the Auditor

The Board recommends that the incumbent External Auditor, KPMG LLP (who have been in office since the 2013/14 financial year), be reappointed for a further year so that they are able to audit the Company's report and accounts for the year ending 29 February 2020.

Resolution 12 (ordinary resolution) – Remuneration of the Auditor

The Board proposes that it be authorised to determine the level of the Auditor's remuneration for the year ending 29 February 2020.

Resolution 13 (ordinary resolution) – Authority to allot Ordinary shares

This is an ordinary resolution to replace the general authority, last given at the 2018 AGM, for the Directors to be authorised to allot Ordinary shares pursuant to section 551 of the Act. This resolution, if passed, would give the Directors the authority to allot up to 25,109,523 Ordinary shares of 1.25 pence with a nominal value of £313,869, representing approximately 33.33% of the issued Ordinary share capital of the Company at the date of this Notice.

This authority, if granted, will expire on the earlier of the conclusion of the Company's next AGM and 15 months from the date of passing this resolution. The Board has no present intention of exercising the authority granted by this resolution save in the circumstances referred to below. The Board intends to seek its renewal at subsequent AGMs of the Company.

As at the date of signing the Directors' Remuneration Report for the 2019 Annual Report & Accounts, the Directors had beneficial holdings of Ordinary shares in the Company which, in aggregate, amounted to approximately 1.43% of the Ordinary shares in issue. The Directors have been granted awards under the Company's share award schemes that, if they were to fully vest, would entitle the Directors to further Ordinary shares which in aggregate would amount to approximately a further 1.53% of the Ordinary shares in issue.

Resolutions 14 and 15 (special resolutions) – Disapplication of statutory pre-emption provisions

If the Directors wish to allot new shares and other equity securities, or to sell treasury shares, for cash (other than in connection with an employee share scheme), Company Law requires that these shares are offered first to shareholders in proportion to their existing shareholdings.

The Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities and sales of treasury shares for cash representing no more than 5% of the issued Ordinary share capital of the Company (exclusive of treasury shares), without restriction as to the use of proceeds of those allotments.

Accordingly, the purpose of Resolution 14 is to authorise the Directors to allot new Ordinary shares pursuant to the allotment authority given to them by Resolution 13, or to sell treasury shares, for cash (i) pursuant to the terms of the Company's employees' share schemes, (ii) in connection with a pre-emptive offer or rights issue to shareholders or (iii) otherwise up to a nominal value equivalent to 5% of the issued Ordinary share capital (exclusive of treasury shares) without the shares first being offered to existing shareholders in proportion to their existing shareholdings.

The Board also intends to adhere to the provisions in the Pre-Emption Group's Statement of Principles and not to allot shares or other equity securities or to sell treasury shares for cash on a non-pre-emptive basis pursuant to the authority in Resolution 14 in excess of an amount equal to 7.5 per cent of the issued Ordinary share capital (excluding treasury shares), within a rolling three-year period, other than, with prior consultation with shareholders, or in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The Pre-Emption Group's Statement of Principles also supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities and sales of treasury shares for cash representing no more than an additional 5% of issued Ordinary share capital (exclusive of treasury shares), to be used only in connection with an acquisition or specified capital investment in respect of which sufficient information is made available to shareholders to enable them to reach an assessment of the potential return.

Accordingly, and in line with the template resolutions published by the Pre-Emption Group, the purpose of Resolution 15 is to authorise the Directors to allot new shares and other equity securities pursuant to the allotment authority given by Resolution 13, or sell treasury shares, for cash up to a further nominal amount equivalent to 5% of the issued Ordinary share capital (exclusive of treasury shares) only in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue. If the authority given in Resolution 15 is used, the Company will publish details of the placing in its next annual report.

If Resolutions 14 and 15 are passed, the authority will expire on the earlier of the conclusion of the Company's next AGM and 15 months from the date of passing the resolutions.

The Board considers the authorities in Resolutions 14 and 15 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions. The Directors have no current intention to exercise the authorities granted by Resolutions 14 and 15. The Company has not allotted Ordinary shares or sold treasury shares for cash on a non-pre-emptive basis in the previous five years other than 869,054 shares allotted during December 2014 in connection with the acquisition of Osprey Publishing, 247,393 shares allotted during August 2016 in connection with the acquisition of Berg Fashion Library and shares allotted under employee share option schemes.

Resolution 16 (special resolution) – Authority for the Company to purchase Ordinary shares

This is a resolution to replace the general authority, last given at the 2018 AGM, for the Company to purchase its own Ordinary shares and either to cancel them or to hold them as treasury shares. The Company would be authorised to make market purchases of up to 7,532,857 Ordinary shares with a nominal value of £94,161, being equivalent to 10% of the issued Ordinary share capital (excluding treasury shares) at the date of this Notice.

Treasury shares are not taken into account in calculations of earnings per share and may only be transferred pursuant to an employee share scheme, cancelled or sold for cash. Shares would only be purchased if the Directors consider such purchases are in the best interests of shareholders generally and can be expected to result in an increase in earnings per share. The authority will only be used after considering the prevailing market conditions, other investment opportunities, appropriate gearing levels and the overall financial position of the Company. Any purchases would be market purchases through the London Stock Exchange. The upper and lower limits on the price which may be paid for those shares are set out in the resolution itself.

This authority would, if granted, expire on the earlier of the conclusion of the Company's next AGM and 15 months from the date of passing this resolution.

The Directors believe it is prudent to seek this general authority to be able to act if circumstances arise in which they consider such purchases to be in the best interests of shareholders generally. The Directors have no current intention to exercise the authority granted by this resolution. The Company has not purchased its own Ordinary shares in the previous five years and holds no shares in treasury as at the date of this Notice.

Explanatory Notes to the Notice

- 1 Entitlement to attend and vote.** Shareholders included on the register of members (in relation to Ordinary shares held in CREST, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001) at close of business on 15 July 2019 will be entitled to attend and vote at the AGM in respect of the number of Ordinary shares registered in their name at that time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
- 2 Appointment of proxies.** If a shareholder meets the criteria set out in Note 1 above, they are entitled to attend and vote or may appoint one or more proxies to attend, speak and vote on their behalf. A proxy need not be a shareholder of the Company. A shareholder can only appoint a proxy using the procedures set out in these notes. If a shareholder wishes their proxy to speak on their behalf at the meeting, they will need to appoint their own choice of proxy (who is not the Chairman) and give instructions directly to the proxy. A shareholder may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A shareholder may not appoint more than one proxy to exercise rights attached to any one share. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the shareholder's proxy will vote or abstain from voting at their discretion. The shareholder's proxy will vote (or abstain from voting) as they think fit in relation to any other matter which is put before the AGM.

Shareholders are recommended to vote their shares electronically at www.signalshares.com. On the home page, search "Bloomsbury Publishing Plc" and then register or log in, using your Investor Code. To vote at the AGM, click on the "Vote Online Now" button by not later than 12 00 noon on Monday 15 July 2019 (or 48 hours (excluding weekends and public holidays) before the time appointed for any adjournment of it). Electronic votes and proxy votes should be submitted as early as possible and in any event, to be received by no later than 12 00 noon on Monday 15 July 2019. Any power of attorney or other authority under which the proxy is submitted must be sent to the Company's Registrar (Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF) so as to have been received by the Company's Registrars by not later than 12 00 noon on Monday 15 July 2019 (or 48 hours (excluding weekends and public holidays) before the time appointed for any adjournment of it).

You are entitled to request a hard copy form of proxy directly from the Registrar, Link Asset Services, whose contact details can be found in Note 14. If a paper form of proxy is requested from the Company's Registrar, it must be completed and sent to the Company's Registrar (Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF) so as to have been received by the Company's Registrars by not later than 12 00 noon on Monday 15 July 2019 (or 48 hours (excluding weekends and public holidays) before the time appointed for any adjournment of it).

- 3 Appointment of proxies through CREST.** CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID - RA10) not later than 48 hours before the time appointed for holding the AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. For further information on CREST procedures, limitations and systems timings, please refer to the CREST Manual. In all cases, for a proxy form to be valid, the CREST Voting Service information must be received by the Company's Registrar no later than 48 hours before the time appointed for the holding of the AGM.
CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 4 Appointment of proxy by joint members.** In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

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- 5 **Changing proxy instructions** To change your proxy instructions simply submit a new proxy appointment using the methods set out in Note 2. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- 6 **Termination of proxy appointments.** In order to revoke a proxy instruction electronically please follow the method set out in Note 2 and elect to withhold your vote on each resolution. To revoke a hard copy proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Link Asset Services no later than 12.00 noon on Monday 15 July 2019. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid. Appointment of a proxy does not preclude you from attending the AGM and voting in person. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.
- 7 **Corporate representatives.** A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that no more than one corporate representative exercises powers over the same shares.
- 8 **Issued shares and total voting rights.** As at 20 May 2019 (being the last business day prior to the date of this Notice), the Company's issued share capital comprised 75,328,570 Ordinary shares of 1.25 pence each (subject to any changes that will be notified to you at the beginning of the AGM). Each Ordinary share carries the right to one vote at a General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 20 May 2019 is 75,328,570.
- 9 **Questions at the AGM.** Any shareholder attending the meeting has the right to ask questions. Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting, except in certain circumstances, including (i) if to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (ii) the answer has already been given on a website in the form of an answer to a question, or (iii) if it is undesirable in the interest of the Company or the good order of the meeting that the question be answered.
- 10 **Website publication of audit concerns.** Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to (i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM, or (ii) any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.
- 11 **Nominated Persons.** Any person to whom this Notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between them and the shareholder by whom they were nominated ("Relevant Member"), have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they, under any such agreement, may have a right to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you. The statement of the rights of shareholders in relation to the appointment of proxies does not apply to Nominated Persons. The rights described in this regard can only be exercised by shareholders of the Company.

Explanatory Notes to the Notice

- 12 **Members' Rights.** Under section 338 and section 338A of the Companies Act 2006, a member or members meeting the qualification criteria in those sections have the right to require the Company (i) to give to members of the Company entitled to receive notice of the AGM, notice of a resolution which may properly be moved and is intended to be moved at the AGM and/or (ii) to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), or (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it. The request must be received by the Company not later than the later of the dates falling six weeks before the AGM and the time of giving this Notice of AGM, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
- 13 **Documents.** Copies of the following documents will be available for inspection at the Company's Registered Office, 50 Bedford Square, London WC1B 3DP, during usual business hours on any weekday, Saturdays and public holidays excepted, from the date of this Notice until the date of the AGM and at the place of the AGM for 15 minutes prior to and during the meeting
- * copies of the service agreements under which the Executive Directors of the Company are employed by the Company or its subsidiaries,
 - * copies of letters of appointment of the Non-Executive Directors;
 - * a copy of the Articles of Association of the Company; and
 - * the terms of reference of the Audit Committee, the Remuneration Committee and Nomination Committee of the Board.
- 14 **Communication.** Except as provided above, members who have general queries about the AGM should call the Company's shareholder helpline on 0871 664 0300 if calling within the United Kingdom or +44 (0) 371 664 0300 if calling from outside the United Kingdom. Lines are open between 9:00am and 5:30pm Monday to Friday. Calls to the helpline from within the United Kingdom cost 12p per minute plus network extras. Calls to the helpline from outside the United Kingdom will be charged at applicable international rates. Calls may be recorded and monitored for security and training purposes; no other methods of communication will be accepted. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.
- 15 **Website giving information regarding the AGM.** Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from www.bloomsbury-ir.co.uk.

Bloomsbury Publishing Plc
50 Bedford Square, London , WC1B 3DP
Telephone +44 (0) 20 7631 5600
www.bloomsbury.com www.bloomsbury-ir.co.uk
STOCK CODE: BMY