

A & C Black Publishers Limited

STRATEGIC REPORT, DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS

Year ended
28 February 2018



Company Registration Number: 189153

A & C Black Publishers Limited

STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2018

The Directors present their strategic report and financial statements for A & C Black Publishers Limited for the year ended 28 February 2018.

BUSINESS REVIEW

The Company continues to trade in publishing, as a subsidiary to Bloomsbury Publishing Plc and as part of the Bloomsbury Publishing Group ("Group"). It has principle interests in publishing yearbooks, children's books, visual arts books and a wide variety of reference books across a range of subject areas.

Results and Performance

The results of the Company for the year, as set out on page 5, show a profit on ordinary activities before tax of £2,824,000 (2017: £290,000). Shareholders' funds have increased to £12,637,000 from £10,153,000.

The performance of the Company continues strongly, as it produces regular profits. The focus on non-trade book publishing continues, with positive growth both in traditional physical books and digital sales.

Key performance indicators

The key performance indicators for the Company include turnover and profit before tax. Turnover for the year to 28 February 2018 was £16,279,000 (year to 28 February 2017: £12,745,000) and Company profit before tax for the year was £2,824,000 (year to 28 February 2017: £290,000).

Business Environment and Strategy

The global publishing market remains highly competitive, with pressures from new technologies, competitors and changing needs of customers. The Company must therefore keep abreast of these factors in order to remain profitable and competitive.

Strategy

The Company remains committed to publishing famous key works, such as *Who's Who*, which is a well-known part of the Company and the wider Group. The Company continues the focus on marketing to discrete communities of interest with the acquisition of the Conway Publishing imprint.

PRINCIPAL RISKS AND UNCERTAINTIES

Overview

The company is an integrated part of the Group where the operations and procedures are shared. The Company is part of Group wide risk procedures. With the Company operating in a wide spectrum of the Group's activities the vast majority of Group risks apply to the Company too.

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All significant policies are subject to Group Board approval and ongoing review by management, risk management and internal audit. Compliance with regulation, legal and ethical standards is a high priority for the Group and the compliance team and Group finance department take on an important oversight role in this regard. The Group Audit Committee is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively.

Below is a description of the risk factors that the Directors consider are relevant to the Company's business.

Market Risk

The volatility of general book sales is a key factor in the industry. Our focus on special interest, academic and educational books aims to focus on a less volatile market. Development of other revenue streams, including rights and services, increases resilience against market volatility.

Rights Risks

The volatility of timing the closing rights and services deals is a significant risk, depending on the performance by multiple parties including the main customer. We aim to reduce our risks of individual deal failure by diversifying and increasing the number of deals.

A & C Black Publishers Limited

STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2018

Digital Risk

The rise of e-book sales in the US and UK may slow. We therefore position ourselves to supply books in all formats through multiple digital delivery systems, aligned with the demands of readers.

Financial Reporting

The valuation of assets and provisions is a risk to the company. Significant assets on the balance sheet depend on assumptions over the value, such as intangible rights. We have therefore adopted a prudent approach to assumptions and Board approval of key assumptions is required.

IP & Copyright

The erosion of copyright is a key risk to the Company, whether through government or other action. We continue a policy of supporting copyright and intellectual property rights as a fundamental facet of publishing.

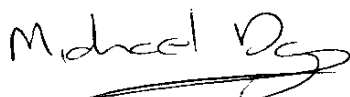
Future Developments

The growth of the Company is welcome in a competitive environment. We aim to build on this during the coming year, through investment in digital products, continued publishing of popular ongoing titles, and focusing on high quality works that reach out to discrete communities of interest.

Staff, Board and Investors

The Board would like to thank all staff for their part in the achievement of these results and for their continuing contribution to the Company. The Board would also like to thank the Company's ultimate shareholder, Bloomsbury Publishing Plc for their continuing support.

This report was approved by the board on 21 November 2018 and signed on its behalf.



M Daykin
Company Secretary

A & C Black Publishers Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2018

The directors present their annual report and the financial statements for the year ended 28 February 2018.

RESULTS AND DIVIDENDS

The Company's profit after tax for the year to 28 February 2018 is £2,457,000 (year to 28 February 2017: £228,000). No dividend is recommended (2017: £nil).

FUTURE DEVELOPMENTS

Future developments in the business are discussed in the strategic report under the strategy section.

DIRECTORS

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

N Newton

W Pallot (resigned 16 July 2018)

P Scott-Bayfield (appointed 16 July 2018)

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

AUDIT EXEMPTION

For the year ending 28 February 2018 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members of the Company have not required the Company to obtain an audit of its financial statements for the year ending 28 February 2018 in accordance with section 476.

By order of the board



M Daykin
Company Secretary

21 November 2018

REGISTERED OFFICE

50 Bedford Square
London
WC1B 3DP

A & C Black Publishers Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the 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 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 Company and to prevent and detect fraud and other irregularities.

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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 28 February 2018

	Note	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
TURNOVER	2	16,279	12,745
Cost of sales		(8,228)	(6,734)
GROSS PROFIT		8,051	6,011
Marketing and distribution costs		(1,387)	(1,413)
Administrative costs		(3,834)	(4,303)
OPERATING PROFIT	2	2,830	295
Interest receivable	4	12	18
Interest payable	4	(18)	(23)
PROFIT BEFORE TAXATION		2,824	290
Taxation	5	(367)	(62)
PROFIT FOR THE FINANCIAL YEAR		2,457	228
OTHER COMPREHENSIVE INCOME			
<i>Items that may not be reclassified to the income statement</i>			
Remeasurements on the defined benefit pension scheme		27	(58)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,484	170

The above statement of comprehensive income represents activities from the Company's continuing operations.

The notes on pages 8 to 20 form part of these financial statements.

A & C Black Publishers Limited

BALANCE SHEET
At 28 February 2018

Company Registration Number: 00189153

	<i>Note</i>	28 February 2018 £'000	28 February 2017 £'000
FIXED ASSETS			
Intangible fixed assets	6	582	658
Tangible fixed assets	7	1	2
Investments	8	6,593	6,593
		<u>7,176</u>	<u>7,253</u>
CURRENT ASSETS			
Stocks	9	3,689	4,318
Debtors	10	14,360	9,922
		<u>18,049</u>	<u>14,240</u>
CREDITORS: amounts falling due within one year	12	<u>(12,447)</u>	<u>(11,128)</u>
NET CURRENT ASSETS		<u>5,602</u>	<u>3,112</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,778</u>	<u>10,365</u>
NET ASSETS EXCLUDING PENSION SCHEME DEFICIT		<u>12,778</u>	<u>10,365</u>
Pension scheme deficit	15	(141)	(212)
NET ASSETS INCLUDING PENSION SCHEME DEFICIT		<u>12,637</u>	<u>10,153</u>
CAPITAL AND RESERVES			
Called up share capital	13	86	86
Capital contribution account		198	198
Profit and loss account	14	12,353	9,869
		<u>12,637</u>	<u>10,153</u>
SHAREHOLDERS FUNDS		<u>12,637</u>	<u>10,153</u>

The notes on pages 8 to 20 form part of these financial statements.

For the year ending 28 February 2018 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of the accounts.

The financial statements on pages 5 to 20 were approved and authorised for issue by the board of directors on 29 November 2018 and are signed on their behalf by



P Scott-Bayfield
Director

A & C Black Publishers Limited

STATEMENT OF CHANGES IN EQUITY

At 28 February 2018

	Called up share capital	Capital contribution account	Profit and loss account	Total
	£'000	£'000	£'000	£'000
Balance at 28 February 2016	86	198	9,699	9,983
Profit for the year	-	-	228	228
Other comprehensive income	-	-	(58)	(58)
Total comprehensive income for the year	-	-	170	170
Capital contribution from ultimate parent company	-	1	-	1
Recharge of share based payment charge from the ultimate parent company	-	(1)	-	(1)
Balance at 28 February 2017	86	198	9,869	10,153
Profit for the year	-	-	2,457	2,457
Other comprehensive income	-	-	27	27
Total comprehensive income for the year	-	-	2,484	2,484
Capital contribution from ultimate parent company	-	20	-	20
Recharge of share based payment charge from the ultimate parent company	-	(20)	-	(20)
Balance at 28 February 2018	86	198	12,353	12,637

A & C Black Publishers Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 February 2018

1 ACCOUNTING POLICIES

(a) *Basis of accounting*

A & C Black Publishers Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK. The financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom and under the historical cost convention. The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about the Group.

These financial statements were prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling. The registered address of the Company is 50 Bedford Square, London, WC1B 3DP.

The Company’s ultimate parent undertaking, Bloomsbury Publishing Plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Bloomsbury Publishing Plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Comparative period reconciliations for shares capital;
- Cash flow statement and related notes; and
- Disclosures in respect of key management personnel.

As the consolidated financial statements of Bloomsbury Publishing plc include the equivalent disclosures, the Company has also taken the exemption under FRS 102 available in respect of the following disclosures:

- IFRS 2 share based payments in respect of instruments of the ultimate parent company; and
- Certain disclosures required by IFRS 7 Financial Instruments.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

(b) *Going concern*

The Company participates in the ultimate parent, Bloomsbury Publishing Plc’s, centralised treasury arrangement and so shares banking arrangements with the parent and fellow subsidiaries. The Group meets its day to day working capital requirements through a £2m overdraft facility, a £6m uncommitted term loan facility and a five year revolving credit facility of between £10m and £14m depending on the timing of the year (to reflect the Group’s cash flow cycle).

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

A & C Black Publishers Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2018

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Bloomsbury Publishing Plc, the Company's directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

(c) *Turnover*

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

- Turnover from book publishing is recognised when title passes. A provision for anticipated returns is made based primarily on historical return rates. If these do not reflect actual returns in future periods then turnover could be understated or overstated for a particular period.
- Turnover from the sale of publishing and distribution rights, including film, paperback, electronic, overseas publishing rights, and sponsorship, is recognised when the Company has discharged its obligations under the arrangement to deliver the associated material, and the Company has received appropriately enacted contractual documentation.
- Turnover for digital subscriptions are recognised on a straight-line basis based over the period of subscription. The exception is digital platform sales with perpetual access. This is currently recognised immediately once the customer has been given access to the live platform.
- Turnover from management services contracts is recognised at the contractually agreed rate.
- Turnover from e-book sales is recognised when content is delivered.

(d) *Intangible assets*

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

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

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

Goodwill	20% straight line basis
Imprints	3-5% straight line basis
Publishing Rights	5% - 12.5% straight line basis
Product Development	20% - 33% straight line basis

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

(e) *Tangible assets*

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2018

Office equipment	10% - 20% straight line basis
Motor vehicles	25% straight line basis

(f) *Investments in subsidiaries*

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

(g) *Stocks*

The cost of work in progress and finished goods represents the amounts invoiced to the Company 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.

(h) *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 profit and loss account 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

ii) *Deferred tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the 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 Company 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 statement of comprehensive income, except when it relates to items credited or charged directly to other comprehensive income or equity.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2018

(i) *Pensions*

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

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

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

The defined benefit scheme is funded, with the assets held separately from the Company in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The last valuation was made on 28 February 2015 (note 15).

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

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

(j) *Foreign currencies*

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 balance sheet date.

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

(k) *Trade receivables*

Trade receivables are initially stated at fair value after provision for bad and doubtful debts and anticipated future sales returns and thereafter they are held at amortised cost.

(l) *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.

(m) *Financial instruments*

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 entity after deducting for all of its financial liabilities.

Dividends and distributions relating to equity instruments are debited direct to equity.

(n) *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

A & C Black Publishers Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2018

subsequent accounting periods. The estimates and judgements that may cause a material adjustment to the carrying amount of assets and liabilities in the next financial year are:

Revenue recognition

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

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

Book returns

This is an estimate as it requires management to estimate the level of expected future returns. As books are returnable by customers, the Company makes a provision against books sold in the accounting period which is then carried forward and offset against trade receivables in the statement of financial position in anticipation of book returns received subsequent to the reporting period end. The provision is calculated by reference to historical returns rates and expected future returns.

Author advances

This is an estimate as it requires management to estimate the future sales of a title. A provision is made by the Company against advances on published titles which may not be covered by royalties on anticipated future title sales or subsidiary rights receivable. 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 statement of comprehensive income for the difference between the carrying value and the anticipated recoverable amount from future earnings.

Inventories

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 Company 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.

(o) *Impairment of non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

(p) *New standards, amendments and IFRIC interpretations*

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 28 February 2018, have had a material impact on the company.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2018

2 TURNOVER AND OPERATING PROFIT

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Turnover by destination:		
United Kingdom	12,642	9,205
Rest of Europe	948	760
North America	1,184	1,229
Other	1,505	1,551
	<u>16,279</u>	<u>12,745</u>
Operating profit is stated after charging:		
Depreciation of tangible fixed assets (note 7)	1	-
Amortisation of intangible fixed assets (note 6)	158	179
Staff costs (note 3)	<u>1,471</u>	<u>1,518</u>

3 STAFF COSTS AND DIRECTORS' EMOLUMENTS

Staff costs of £1,471,000 were recharged in the year from Bloomsbury Publishing Plc (2017: £1,518,000).

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

The director waives all entitlements to remuneration and receives no remuneration in respect of their appointment as director of the Company.

4 INTEREST RECEIVABLE AND PAYABLE

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Interest receivable on pension scheme assets (note 15)	<u>12</u>	<u>18</u>
Interest payable on pension scheme liabilities (note 15)	<u>18</u>	<u>23</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

5	TAXATION	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
(a)	Analysis of tax charge for the year		
	UK corporation tax		
	Current tax on profit for the year	356	56
	Adjustment in respect of prior years	(9)	(52)
		<u>347</u>	<u>4</u>
	Deferred taxation (note 11 and 15)		
	Current year charge	20	58
		<u>367</u>	<u>62</u>
	Tax on profit on ordinary activities		

(b) Factors affecting tax charge for the year

The tax charge for the year is lower (2018: higher) than the standard rate of corporation tax in the UK of 19.08% (2017: 20.00%). The differences are explained below:

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Profit on ordinary activities before tax	2,824	290
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.08% (2017: 20.00%)	539	58
Effects of:		
Expenses not deductible for tax purposes	4	2
Movement in deferred tax rate	(3)	(4)
Movement in unrecognised temporary differences	(6)	58
Adjustment in respect of previous years	(9)	(52)
Group relief surrender	(158)	-
Total tax charge for the year	<u>367</u>	<u>62</u>

A & C Black Publishers Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2018

6	INTANGIBLE FIXED ASSETS	Goodwill	Publishing rights and imprints	Product development	Assets under construction	Total
		£'000	£'000	£'000	£'000	£'000
	Cost					
	At 1 March 2017	1,684	634	914	5	3,237
	Additions	-	1	34	47	82
	At 28 February 2018	1,684	635	948	52	3,319
	Amortisation					
	At 1 March 2017	1,605	193	781	-	2,579
	Charge for the year	41	49	68	-	158
	At 28 February 2018	1,646	242	849	-	2,737
	Net book value					
	At 28 February 2018	38	393	99	52	582
	At 28 February 2017	79	441	133	5	658

Goodwill and publishing rights and imprints amortisation is included in administrative expenses.
Product development amortisation is included in cost of sales.

7	TANGIBLE FIXED ASSETS	Motor vehicles	Office equipment	Total
		£'000	£'000	£'000
	Cost			
	At 1 March 2017	95	580	675
	At 28 February 2018	95	580	675
	Depreciation			
	At 1 March 2017	95	578	673
	Charge for the year	-	1	1
	At 28 February 2018	95	579	674
	Net book value			
	At 28 February 2018	-	1	1
	At 28 February 2017	-	2	2

Depreciation is included in administrative expenses.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

8 INVESTMENTS HELD AS FIXED ASSETS

	£'000
Shares in subsidiary undertakings	
Cost	
At 1 March 2017	7,909
At 28 February 2018	<u>7,909</u>
Provision for impairment	
At 1 March 2017	1,316
At 28 February 2018	<u>1,316</u>
Net book value	
28 February 2018	<u>6,593</u>
28 February 2017	<u>6,593</u>

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

The registered office of all the above subsidiaries is 50 Bedford Square, London, WC1B 3DP.

9 STOCKS	28 February 2018 £'000	28 February 2017 £'000
Work in progress	1,032	1,388
Finished goods	2,657	2,930
	<u>3,689</u>	<u>4,318</u>
 10 DEBTORS	 28 February 2018 £'000	 28 February 2017 £'000
Amounts due from Group undertakings	11,965	6,926
Deferred tax asset (note 11)	13	25
Other debtors	5	104
Prepayments and accrued income	2,377	2,867
	<u>14,360</u>	<u>9,922</u>

Amounts due from Group undertakings are unsecured, interest free and repayable on demand.

A & C Black Publishers Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2018

11 DEFERRED TAX

The deferred tax asset comprises the following:

	Fixed asset timing differences £'000
At 1 March 2017	25
Profit and loss account	(12)
At 28 February 2018	<u>13</u>

The deferred tax asset is included in the financial statements at a corporation tax rate of 17%.
The deferred tax asset in relation to the pension liability is considered in note 15.

12 CREDITORS	28 February 2018 £'000	28 February 2017 £'000
Amounts falling due within one year:		
Trade creditors	1,104	732
Amounts owed to Group undertakings	8,410	8,477
Other taxation and social security	9	9
Corporation taxation payable	356	40
Other creditors	193	265
Accruals and deferred income	2,375	1,606
	<u>12,447</u>	<u>11,129</u>

Amounts due to Group undertakings are unsecured, interest free and repayable on demand.

13 CALLED UP SHARE CAPITAL	28 February 2018 £'000	28 February 2017 £'000
Allotted, called up and fully paid		
460 Ordinary shares of £1 each	-	-
86,000 Deferred shares of £1 each	86	86
	<u>86</u>	<u>86</u>

14 RESERVES

Profit and loss account

The profit and loss account comprises profit for the year and other items recognised directly through equity as presented on the statement of changes in equity.

A & C Black Publishers Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2018

15 PENSIONS

The Company operates a defined benefit scheme for some staff. Accrual of benefits ceased in 1997, with the scheme now being operated as a closed fund. A full actuarial valuation was carried out as at 28 February 2015 and updated to 28 February 2018 by a qualified independent actuary. At the date of the last completed independent actuarial valuation the market value of the assets of the scheme was £472,000.

Contributions paid to the scheme during the period amounted to £71,000 (2017: £63,000). The directors' best estimate of the contribution to be paid in the year ending 28 February 2019 is £73,000.

The major assumptions used by the actuary for the update at 28 February 2018 were as follows:

	28 February 2018	28 February 2017
Rate of increase in salaries*	n/a	n/a
Rate of increase in pensions in payment	0.00%	0.00%
Discount rate	2.70%	2.60%
Inflation assumption	2.2-3.2%	2.4-3.4%
Revaluation rate for deferred pensioners	2.20%	2.40%

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

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

Mortality rate assumptions are based on publicly available data in the UK, such as mortality tables. The mortality assumptions adopted at 28 February 2018 imply the following remaining life expectancies at age 65:

	28 February 2018 Life expectancy at age 65	28 February 2017 Life expectancy at age 65
Male currently aged 45	24.9	25.6
Female currently aged 45	26.8	27.8
Male currently aged 65	23.1	23.4
Female currently aged 65	25.0	25.5

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

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Total value of assets (with profit policy)	472	429
Present value of funded scheme liabilities	(642)	(684)
Retirement benefit obligations (net liability)	(170)	(255)
Deferred taxation	29	43
Deficit after taxation	(141)	(212)

A & C Black Publishers Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2018

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

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
At start of year	(684)	(770)
Expenses	(13)	(13)
Interest cost	(18)	(23)
Benefits and expenses paid	48	194
Actuarial losses	25	(72)
At end of year	<u>(642)</u>	<u>(684)</u>

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

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
At start of year	429	540
Expected return on scheme assets	12	18
Actuarial gains	8	2
Employer contributions	71	63
Benefits paid	(48)	(194)
At end of year	<u>472</u>	<u>429</u>

£13,000 was charged to operating profit during the current period (2017: £13,000).

The movement in the deferred tax balance is as follows:

	£'000
1 March 2017	43
Profit and loss account	(8)
Other comprehensive income	(6)
28 February 2018	<u>29</u>

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

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Expected return on pension scheme assets	12	18
Interest on pension scheme liabilities	(18)	(23)
Net cost	<u>(6)</u>	<u>(5)</u>

A & C Black Publishers Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2018

The amounts recognised in other comprehensive income in respect of the defined benefit scheme are as follows:

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Return on pension scheme assets	8	2
Experience gains and losses arising on the defined benefit obligation	9	70
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	16	(142)
Total	33	(70)

16 SHARE BASED PAYMENTS

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

17 COMMITMENTS AND CONTINGENT LIABILITIES

The Company, along with other group subsidiaries, has guarantees in place relating to the Group's borrowing facilities with Lloyds Bank Plc. At 28 February 2018 the Group had no draw down (2017: £nil) of this facility with £12.0 million of undrawn borrowing facilities (2017: £12.0 million) available.

The facility comprises a £10 million to £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 available until December 2018 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.

18 RELATED PARTY TRANSACTIONS

As a subsidiary of A&C Black Limited the Company has taken advantage of the exemption in FRS 102 from disclosing transactions with other wholly owned companies within the Group headed by Bloomsbury Publishing Plc.

19 ULTIMATE PARENT COMPANY

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

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