Bloomsbury Publishing Plc

Annual Report & Accounts **2008**

Contents

Bloomsbury Publishing Plc has established itself as one of the world's leading independent publishing houses with a reputation for a high quality publishing team and a highly valuable portfolio of intellectual properties.

Throughout our twenty two years history Bloomsbury Publishing has never lost sight of its **founding principles**:

Publishing books of excellence and originality.

We have a strong balance sheet with in excess of £50 million on deposit, and, though investment income will be less than in 2008 due to the reduction in interest rates, we are in a good position to expand our academic division, as we make new acquisitions, and to pursue organic growth for our existing divisions.

Nigel Newton
Chief Executive
Commenting on the results and prospects for Bloomsbury

Highlights

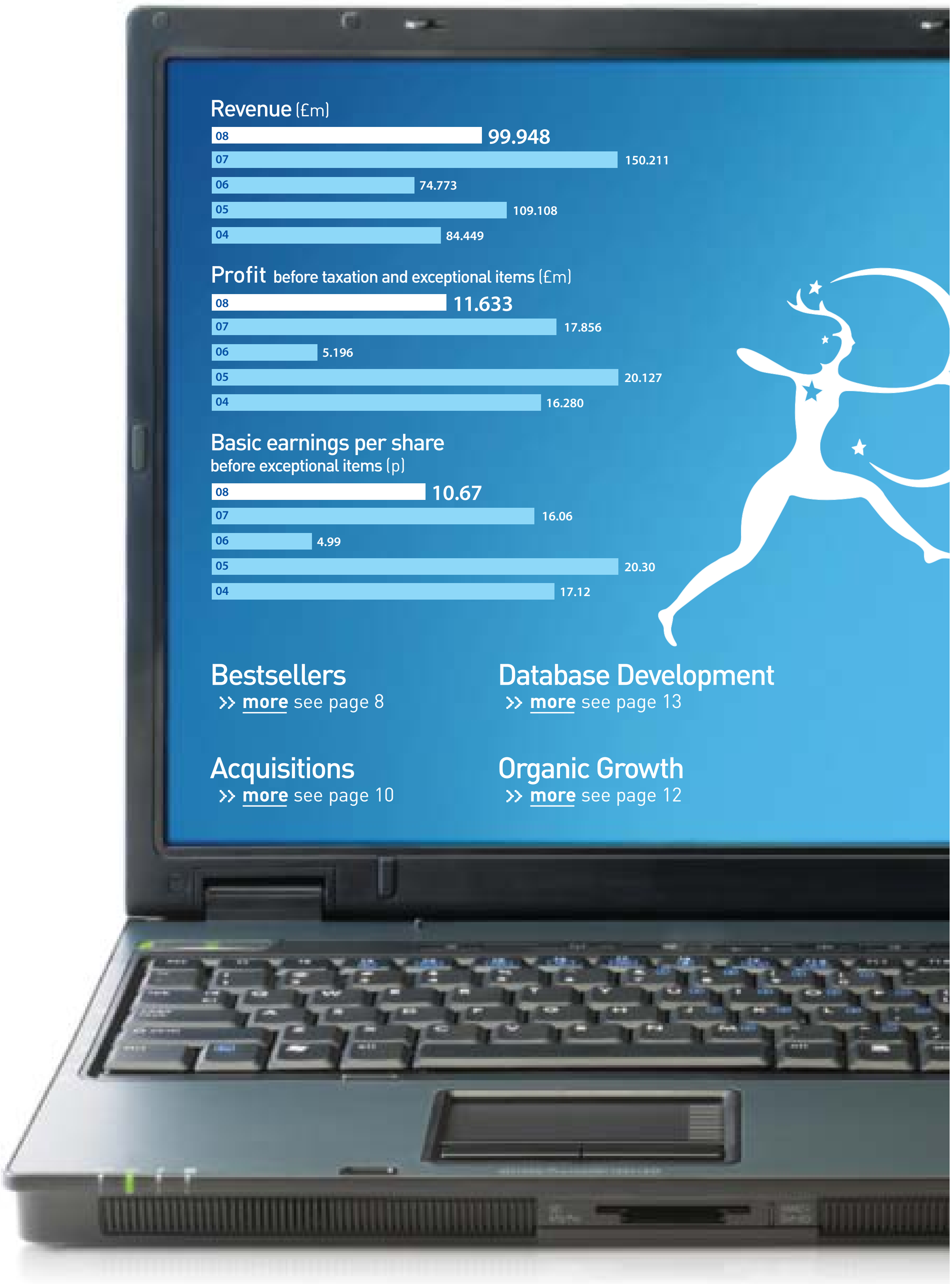
Financial Highlights

- Revenue of £99.95m (2007, £150.21m – launch of HP7)
- Pre-tax profit of £11.63m (2007, £17.86m – launch of HP7)
- Basic earnings per share of 10.67p (2007, 16.06p – launch of HP7)
- Pre-tax profit of Bloomsbury USA of £0.38m (2007, loss £1.64m)
- Strong cash generation, particularly in the UK, resulting in net cash of £51.91m (2007, £47.56m)
- Final dividend per share increased 5.2% to 3.47p (2007, 3.30p). Full year dividend per share increased by 5.5% to 4.22p (2007, 4.00p)

Operating Highlights

- Bloomsbury had the two highest selling books of the year in the Times list of Top Bestsellers of 2008 and three of the top ten. *A Thousand Splendid Suns* was number one, *The Tales of Beedle the Bard,* published by the Children's High Level Group charity, was number two, and *The Kite Runner* was number eight.
- Strong pipeline of new releases for 2009 – New books by William Boyd, Margaret Atwood, John Irving, Hugh Fearnley-Whittingstall, Heston Blumenthal, Monty Don and Kamila Shamsie's *Burnt Shadows* shortlisted for the Orange Prize
- Acquisitions in 2008 of John Wisden & Co, The Arden Shakespeare, Featherstone Education Limited and Berg Publishers

Five Year Financial Summary



Group at a Glance

A year of consolidating our strategy for acquiring rights across as many territories as possible, using digital infrastructure for the marketing, selling and delivery of titles.

Good sales across all our publishing genres in our three key markets of USA, UK and Germany.

Reduction in overhead and office costs and the renegotiation of key print, sales and distribution contracts.

Significant deal signed for the distribution of our books on the Sony e-reader and other devices.

Back catalogue digitised.

US business returned to profitability.

Publishing in fields of: education, academic and reference

Strong margins - low volatility

Acquisition of Oxford International Publishers Limited trading as *Berg Publishers* for an initial consideration for £2.0 million

Berg is creating a major online subscription-based resource, the **Berg Fashion Library**, scheduled to be launched in 2010

Strong pipeline of titles

Launch of *Bloomsbury Academic*, headed by Frances Pinter, to focus on humanities and social science publications

Continued development of *www.bloomsbury.com* and *www.acblack.com*

Solid organic growth from **A&C Black** throughout the world and a number of strategic acquisitions and partnerships. Acquisitions included:

- **Featherstone**, acquired in March 2008, a specialist educational publisher aimed at teachers and professionals who work with 0-7 year olds.
- **John Wisden & Co**, acquired in November 2008, is the UK's and the world's best-known sports yearbook, with its annual Almanack approaching its 150th anniversary.
- **The Arden Shakespeare,** purchased in December 2008, publishes the premier scholarly editions of Shakespeare worldwide.

Bloomsbury established new partnership with the Qatar Foundation.

Appointment of a new Business Development Director during the year to develop further database and IP projects, as these remain an area of focus for the Group.

2008 - Year at a Glance

Dec Bloomsbury has three books – more than any other publisher – in the Top Ten Bestselling Books of 2008: Khaled Hosseini's *The Kite Runner* at number eight, JK Rowling's *The Tales of Beedle the Bard* published by the Children's High Level Group charity at number two, and *A Thousand Splendid Suns* at number one.

Nov *Stalin's Children* by Owen Matthews is shortlisted for the Guardian First Book Award and is currently longlisted for the Orwell Prize for Political Writing 2009.

Trauma by Patrick McGrath is shortlisted for the Costa Novel of the Year Award 2009.

Louis Sacher's *Someday Angeline*, Benjamin Zephaniah's *Teacher's Dead* and Pippa Goodhart and AnnaLaura Cantone's *Three Little Ghosties* are shortlisted for the Sheffield Book Award.

Sharon Creech's *Heartbeat* and Mark Walden's *H.I.V.E.* are chosen as part of the *Booked Up* scheme with over 65,000 and 35,000 copies sold.

Oct Debut author Anne Zouroudi is shortlisted for the ITV3 Crime Thriller Breakthrough Award with *The Messenger of Athens*.

100 Most Dangerous Things on the Planet by Anna Claybourne shortlisted for the Blue Peter Book Awards 2009 in the Best Book with Facts category.

Billy Angel by Sam Hay longlisted for the UK Literacy Association Children's Book Award 2009 (3-11).

Space Pirates and other Sci-Fi Stories by Tony Bradman chosen as a World Book Day 2009 Recommended Read for their schools pack.

Sep *The Snowball: Warren Buffett and the Business of Life* by Alice Schroeder is shortlisted for the Financial Times/Goldman Sachs Business Book of the Year. It also remained at number one in the Amazon Bestseller Chart for over a week.

Michael Rosen and Adrian Reynolds' *The Bear in the Cave* is shortlisted for the Southampton Favourite Book to Share Award.

Jul *Harry Potter and the Deathly Hallows* is a *Sunday Times* number one bestseller again in paperback.

The Suspicions of Mr Whicher wins the BBC4 Samuel Johnson Prize for Non-fiction; it was also shortlisted for the Crime Writers' Association Gold Dagger for Non-Fiction and became a number one *Sunday Times* bestseller as well as a Richard and Judy Book Club Pick for 2009.

Red, Cherry, Red by Jackie Kay wins the CLPE Poetry Award.

Unaccustomed Earth by Jhumpa Lahiri wins the Frank O'Connor International Short Story Award; the judges were so impressed that they dispensed with a shortlist. This book has since won the Commonwealth Writers' Prize 2009.

Jun At the Guild of Food Writers' Awards, *Sarah Raven's Garden Cookbook* by Sarah Raven wins Cookery Book of the Year and *The River Cottage Fish Book* by Hugh Fearnley-Whittingstall and Nick Fisher wins The Michael Smith Award for Work on British Food.

World War One veteran and Bloomsbury author, Harry Patch, celebrates his 110th birthday and his book *The Last Fighting Tommy* becomes a *Sunday Times* bestseller again in paperback.

24 for 3 by Charles Boyle (writing as Jennie Walker) wins the McKitterick Prize.

Carol Ann Duffy and Jane Ray's *The Lost Happy Endings* is shortlisted for the Kate Greenaway Medal.

Li Fu's Great Aim selected for the School Library Association's Riveting Reads: Boys into Books 5-11 and featured on the cover. Also selected: *James and the Alien Experiment* and *Triceratops*.

May *The Butt* by Will Self wins the Bollinger Everyman Wodehouse Prize for Comic Writing and *Shoot the Damn Dog* by Sally Brampton wins the Good Housekeeping Award for Best Non-fiction Book of the Year.

Nobel Prize-winning author Nadine Gordimer is shortlisted for the prestigious Best of the Booker Award with *The Conservationist.*

The Truth Commissioner by David Park wins the Kerry Group Irish Fiction Award.

David Kynaston's *Austerity Britain* wins the Yorkshire Post Book of the Year Award.

Teacher's Dead by Benjamin Zephaniah is shortlisted for the Red House Children's Book Award.

Apr At the Galaxy British Book Awards, J K Rowling wins the Lifetime Achievement Award and Khaled Hosseini's *A Thousand Splendid Suns* wins the Richard and Judy Best Read of the Year Award.

Mark Walden's *H.I.V.E.* is shortlisted for the North East Book Award and shortlisted for the Leeds Book Award in May.

Mar Neil Gaiman's *Odd and the Frost Giants* is a World Book Day title and becomes a *Sunday Times* bestseller.

Feb *Sunday Times* bestseller *Austerity Britain* by David Kynaston is longlisted for the Orwell Prize for political writing.

The transformation of Bloomsbury continued in 2008 as it re-balances its business in the wake of the Harry Potter phenomenon and of the demands of a global recession. The Chief Executive's statement outlines the considerable work done by him and the Executive members of the Board in managing their business units as they exploit the growing potential of electronic and digital publishing, whilst ensuring stability and efficiency in the Group's traditional publishing business.

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This process of change is not complete, indeed such change, especially at times of economic stress, tends to accelerate, but the performance of the Group reflects the drive behind development of the new, and the rigour in management of the old. In the teeth of the worst recession in living memory, the shape of Bloomsbury is being changed to ensure the long-term success of the Group.

Bloomsbury has a strong balance sheet. Cash is critical at a time like this; it allows the Group latitude for change, and for judicious and timely acquisitions to strengthen its traditional businesses and to build new technology-based publishing activities. It also takes away the damaging distraction of untoward debt management now preoccupying the Boards and managements of many of its competitors and peers. The Group's obligation to all its stakeholders at a time like this is to avoid the excesses of acquisition strategies which squander a valuable asset, and to use its resources wisely to position it for the economic recovery. The Board therefore regularly reviews new acquisition prospects, judging the relative impacts of the return of the Group's cash asset against the returns of new business assets whose capital values are far from certain in current conditions and could rapidly undermine any perceived short- or long-term profit enhancement. Information on the acquisitions it has made and the organic growth initiatives of the Group are outlined in more detail in this report.

The Executive team is both experienced and committed to the long-term future of Bloomsbury. These are proving to be invaluable human assets at a time when short-term opportunism has damaged the values of companies across the commercial spectrum. Nigel Newton, Founder and Chief Executive of the Company over its 22 years, has deployed his own talents and those of Richard Charkin and Colin Adams to maximise the strengths of each, and greater emphasis has been placed on the Board Committees to exploit the role of the Non-Executive Directors through the key functions of the Audit, Nomination and Remuneration Committees.

This Group has an enviable reputation and brand value in and outside publishing. Those owe a great deal to the professionalism and dedication of its staff, including some of the most respected professionals in the industry. Whether recruited to support the growing new businesses of the Group, or forming part of that long-standing and committed community behind the long history of Bloomsbury's component parts, they have worked tirelessly and loyally through conditions more challenging than any can remember. Those conditions are not over yet and the Board and all the Group's stakeholders owe them a strong vote of thanks for the role they play in the future of Bloomsbury.

Jeremy J O'B Wilson
Non-Executive Chairman

Directors' Report - Business Review
Chief Executive's Statement

Overview

I am pleased to report an excellent set of results for the year. In making comparison to 2007, it is important to remember that the 2007 results included the launch of *Harry Potter and the Deathly Hallows*, the last volume of JK Rowling's series, one of the highest selling books in publishing history. During 2008 the Group was restructured into two overarching divisions: Specialist and Trade. This was done to provide greater focus on the two key strands of

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A Thousand Splendid Suns was number one **The Tales of Beedle the Bard, published by the Children's High Level Group charity,** number two and **The Kite Runner** number eight.

our business and to ensure that the intellectual property within each division is exploited to its maximum potential across all territories in which those divisions operate. At the same time, and as part of this change in operating structure, we identified and implemented significant annualised cost savings net of expansion activities of approximately £2m. Managing the Group's cost base continues to be a high priority.

Bloomsbury had the two highest selling books of the year in the Times list of Top Bestsellers of 2008 and three of the top ten. *A Thousand Splendid Suns* was number one, *The Tales of Beedle the Bard*, published by the Children's High Level Group charity, was number two, and *The Kite Runner* was number eight.

In 2008 overall sales by value in the UK publishing industry, through UK retail outlets as tracked by Nielsen BookScan, showed a year-on-year decline of 1.5%, but a slight increase if Harry Potter is excluded from the 2007 figures. Other geographical markets have shown similar trends, although the relative value for money represented by books has mitigated the impact of overall consumer spending restraint.

Of greater concern than sales value is the threat to retailers and the potential reduction of outlets for book sales. To date, the only significant casualties in the UK have been Zavvi and the Woolworths Group, but a number of other customers in overseas territories have also failed. We have so far avoided material damage from these insolvencies and have benefited from our credit insurance where appropriate.

It has also been pleasing that both Bloomsbury USA and Berlin Verlag recorded profits in difficult markets.

Technology for the marketing and delivery of books is having an impact on the industry and opening up medium-term opportunities for new income streams and more effective customer contact. We are embracing these changes on many fronts and in particular now have a comprehensive digital archive for exploitation.


THE TIMES

THE TIMES Saturday January 3 2009

Top 50 Bestsellers of 2008

		AUTHOR	PUBLISHER RRP	SALES
1	A Thousand Splendid Suns	Khaled Hosseini	Bloomsbury, £7.99	912,156
2	The Tales of Beedle the Bard	J K Rowling	Bloomsbury, £6.99	856,268
3	Guiness World Records 2009		Guinness, £20	691,103
4	At My Mother's Knee	Paul O'Grady	Bantam, £18.99	664,474
5	No Time for Goodbye	Linwood Barclay	Orion, £7.99	643,225
6	Dear Fatty	Dawn French	Century, £18.99	589,729
7	Jamie's Ministry of Food	Jamie Oliver	Michael Joseph, £25	543,283
8	The Kite Runner	Khaled Hosseini	Bloomsbury, £7.99	538,778
9	Delia's How to Cheat at Cooking	Delia Smith	Ebury, £20	525,881
10	That's Another Story	Julia Walters	Weidenfeld, £18.99	476,897
11	Parky: My Autobiography	Michael Parkinson	Hodder, £20	445,702
	The Forgotten Garden	Kate Morton	Pan, £7.99	396,792
		Ian McEwan	Vintage, £6.99	391,605
			Orion, £7.99	385,370
				359,303

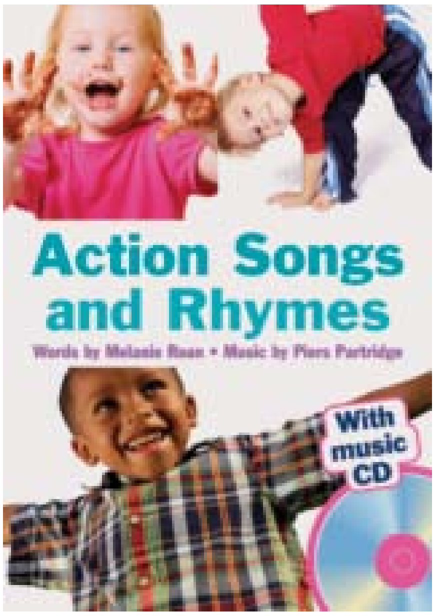
Directors’ Report - Business Review
Chief Executive’s Statement

Financial performance

Revenue for the Group was £99.95m (2007, £150.21m). In 2007 we published *Harry Potter and the Deathly Hallows* which made a significant contribution during that financial year. Revenues from Continental Europe, which were generated by Berlin Verlag, increased 35.6% to £11.57m (2007, £8.53m). Revenues from the US operations increased by 29.4% to £17.32m (2007, £13.39m).

Profit before tax for the Group was £11.63m (2007, £17.86m). Basic earnings per share was 10.67 pence (2007, 16.06 pence). Diluted earnings per share was 10.67 pence (2007, 15.63 pence).

At the year end the Group had increased its net cash balances to £51.91m (2007, £47.56m) after the net cash consideration of £7.43m (2007, £0.08m) paid for the four acquisitions made during the reporting period. We continue to invest in future growth through acquiring new authors, new titles and specialist publishing companies. Our strong balance sheet puts us in an excellent position to take advantage of these opportunities as they arise. As at 31 December 2008, the Group had under contract 1,139 titles (2007, 1,240) for future publication, with a gross investment of £26.44m (2007, £27.58m). After payment of the initial tranches of advances to authors, our liability for future cash payments on these contracted titles at that date was £15.60m (2007, £16.32m).



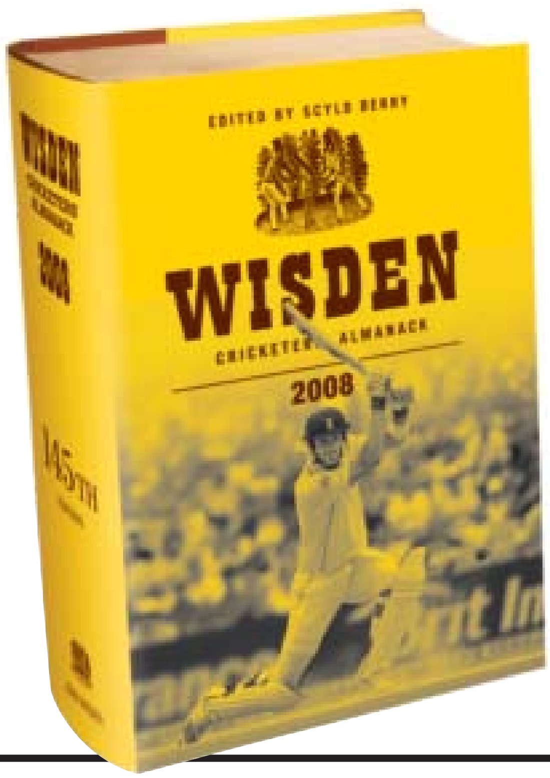
Specialist Publishing Division

Expansion of the Specialist Division in 2008 has been underpinned by solid organic growth from **A&C Black** throughout the world and by a number of strategic acquisitions and partnerships. Acquisitions included:

- **Featherstone**, acquired in March 2008, a specialist educational publisher aimed at teachers and professionals who work with 0-7 year olds. The list is complementary to A&C Black’s leading lists in primary education and teacher resources and is now successfully integrated into our schools sales and marketing organisation.
- **Berg Publishers**, acquired in September 2008, a specialist Oxford-based academic publisher of books and journals aimed at students and professionals in the subjects of design, fashion, anthropology, history and craft.

BergFashionLibrary.com
...the online authority on dress and fashion worldwide – launching in 2010!

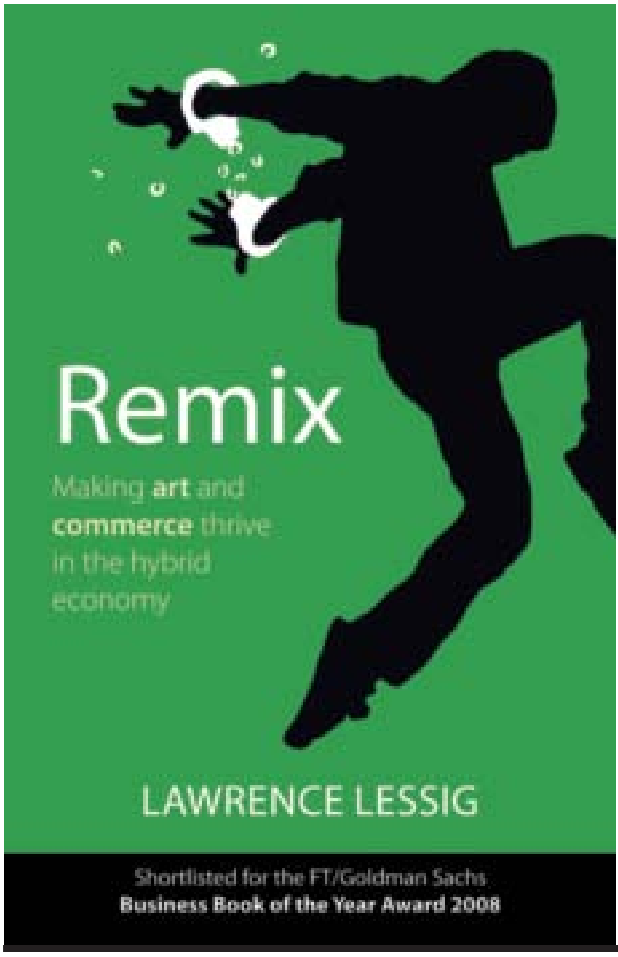
- **John Wisden & Co**, acquired in November 2008, is the UK's and the world's best-known sports yearbook, with its annual Almanack approaching its 150th anniversary. *Wisden Cricketers' Almanack* will join our other famous reference titles including *Who's Who, Whitaker's Almanack, Writers' & Artists' Yearbook* and best-selling sports books such as the *Know the Game* series. The great names in cricket have been contributors to Wisden, from Sir Neville Cardus to Mike Atherton. New books for 2009 include *Wisden on the Ashes.*



- **The Arden Shakespeare**, purchased in December 2008, publishes the premier scholarly editions of Shakespeare worldwide. It is being integrated into Methuen Drama, a list which has shown strong organic growth since its acquisition in 2006, with a number of important new estates signed, including Arthur Miller and George Bernard Shaw. We expect similar growth from Arden which will benefit from the global sales and marketing operation already in place for Methuen and in particular sales being handled through Bloomsbury USA's operation.

Chief Executive's Statement

In September 2008, Bloomsbury launched its own scholarly imprint, **Bloomsbury Academic**, specialising initially in the humanities and social sciences. Publications will be available on the internet free of charge and will carry Creative Commons licences. Simultaneously, physical books will be produced and sold on normal business terms around the world. For the first time a major publishing company is opening up an entirely new imprint to be accessed easily and freely on the internet. By supporting scholarly communication in this way, our authors will be better served in the digital age.



Bloomsbury Academic was launched in September 2008 as a radical new scholarly imprint.

In 2008 Bloomsbury's activities in database development and the Middle East were brought together within the Specialist Division under the umbrella of a new subsidiary, Bloomsbury Information Ltd. Excellent progress continues on *QFINANCE*, the finance information resource being developed as part of the strategic partnership with the Qatar Financial Centre Authority. This is due to launch as a book and an online portal in Autumn 2009.

Qatar Finance – The Ultimate Resource is a unique project of global significance. It will be the first definitive guide and reference to the financial world today and will become the globally recognised print and online first point of reference for people involved in finance from business leaders to students and all levels in between.

Nigel Newton
Chief Executive

In October 2008 Bloomsbury's new partnership with the Qatar Foundation (www.qf.org.qa), the Doha-based educational foundation, was announced at the Frankfurt Book Fair. This second significant agreement with Qatar is for the development of a three-fold business plan: firstly to publish books in Arabic and English, secondly to encourage reading and writing development initiatives, and thirdly to transfer publishing skills and knowledge to Qatar.

We appointed a new Business Development Director during the year to develop further database and IP projects, as these remain an area of focus for the Group.

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We are delighted to announce this partnership with Qatar Foundation. Our aim is not simply to publish in the region, but also internationally, to identify and nurture literary talent and to help to bring new skills and knowledge to Qatar. We also want to work in partnership with other publishers in the region. This is an exciting project for both parties.

Launch announcement of Bloomsbury Qatar Foundation Publishing 15 October 2008.

Nigel Newton
Chief Executive

مؤسسة قطر ودار بلومسبيري للنشر يبرمان شراكة لتأسيس دار نشر عربية ضخمة

Directors' Report - Business Review
Chief Executive's Statement

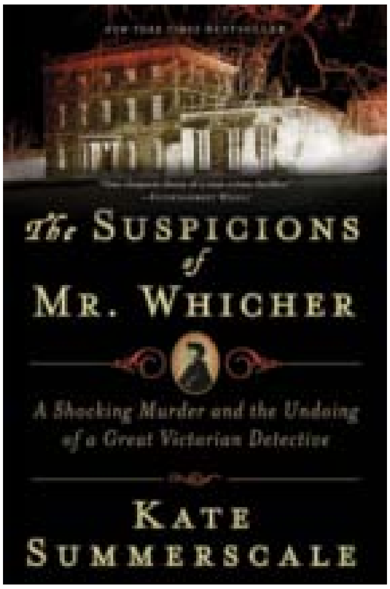
Trade Publishing Division

Richard Charkin's appointment has had a hugely positive impact on the success and leadership of the Trade Publishing Division since he joined in the final quarter of 2007. 2008 has been a year of consolidating our strategy for acquiring rights across as many territories as possible, using digital infrastructure for the marketing, selling and delivery of titles, and ensuring our cost base is appropriate for the business.

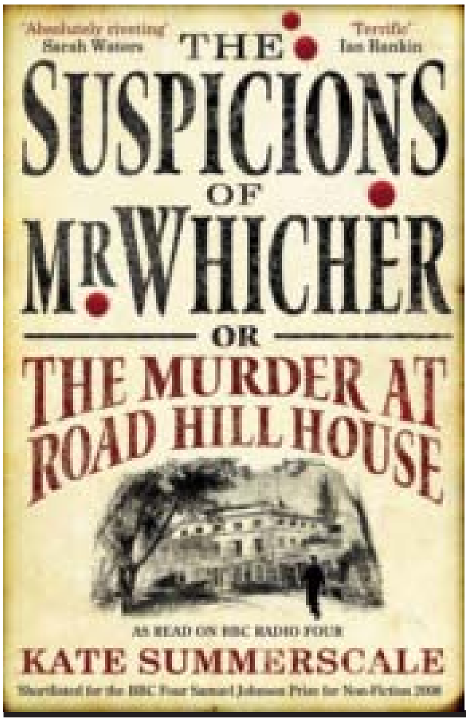
In spite of the global downturn, we have been able to record good sales across all our publishing genres in our three key markets of USA, UK and Germany thanks to carefully targeted marketing, high-quality sales and distribution and excellent books. Clearly a number of retailers have suffered cash flow problems, but we have managed our exposure very carefully in order to protect our profits.

We have seen the benefits from actions taken in 2007 and early 2008 to reduce overhead and office costs and the renegotiation of key print, sales and distribution contracts.

On the digital front we have signed a significant deal for the distribution of our books on the Sony e-reader and other devices.



USA edition



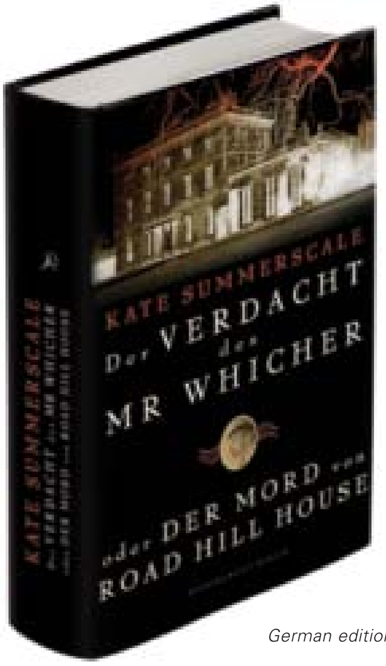
UK edition

Children's

JK Rowling's *The Tales of Beedle the Bard,* published by the charity, The Children's High Level Group using Bloomsbury's editorial, design, production, sales and marketing, was the best-selling title of the year in many countries of the world. With this venture, we have raised a significant amount of money for the charity.

Wherever possible, we publish titles in English and in German for sale throughout the world so that we can keep prices as low as possible, a vital ingredient for the success of children's books in particular.

2009 will see a very strong roster of titles including new books from Sue Limb, Sally Grindley, Angie Sage, Debi Gliori, Shannon Hale and Children's Laureate, Michael Rosen.



German edition

Adult

2008 was an excellent year for the novels of Khaled Hosseini, even surpassing 2007's excellent sales. *The Kite Runner* and *A Thousand Splendid Suns* dominated best-seller lists in the UK, Germany, Australia, South Africa, India and many other territories. Other international successes included Kate Summerscale's *The Suspicions of Mr Whicher*, Elizabeth Gilbert's *Eat, Pray, Love*, Heston Blumenthal's *The Big Fat Duck Cookbook*, Alice Schroeder's biography of Warren Buffett, *The Snowball* and Jonathan Littell's controversial novel, *Die Wohlgesinnten*.

The strong programme continues in 2009 with exciting new titles from William Boyd, Margaret Atwood, David Kynaston, William Dalrymple, Hugh Fearnley-Whittingstall, Monty Don, Anne Michaels, Marc Fitten, Roger Boyes and Kamila Shamsie's *Burnt Shadows* which has been long-listed for the Orange Prize.

Dividend

The Directors are recommending a final dividend of 3.47 pence per share (2007, 3.30 pence) making a total of 4.22 pence per share (2007, 4.00 pence) for the year. This represents a 5.5% increase in the full-year dividend. The final dividend will be payable on 1 July 2009 to Ordinary Shareholders on the register at the close of business on 22 May 2009.

» In spite of the global downturn, we have been able to record good sales across all our publishing genres in our three key markets of USA, UK and Germany . . . «

> . . . we are in a good position to expand our academic division, as we make new acquisitions, and to pursue organic growth for our existing divisions.

Management and staff

I would like to thank our staff for their tremendous contribution to a very busy year where we have seen major strategic as well as operational achievements.

Current trading, developments and prospects

The Group has a number of strengths and opportunities in 2009 and also a number of risks and areas of caution which have been heightened by the recession. Visibility of future revenue has been decreased due to the current uncertainty in the global market place, though books have fared better than many other consumer products.

In terms of potential bestsellers in 2009 our year started well with the paperback of *The Suspicions of Mr Whicher* reaching the number one position, and our list for the second half is as strong as it has ever been with new works by some of the world's greatest and most successful writers, including John Irving, Margaret Atwood and William Boyd. Having said this however, both unit sales of our bestsellers and our backlist bestsellers might be lower in the later part of 2009 than in 2008 due to caution in the world-wide booktrade and the possibility of losing whole distribution channels in the event that more key customers have liquidity problems or go out of business entirely.

In terms of rights and database deals and management contracts, the Company had a strong 2008 with a number of long-term contracts having been signed. We also have very strong new projects on offer in 2009 which compare favourably to the same stage in 2008. Such deals depend on the strength and appetite of large third-party partners and it cannot be ruled out that either the number of deals or the size of them will be affected by the impact of the global economy on those third parties later in the year. There is a risk, for instance, of decreased government spending on books in schools, universities and libraries.

We have a strong balance sheet with in excess of £50 million on deposit, and, though investment income will be less than in 2008 due to the reduction in interest rates, we are in a good position to expand our academic division, as we make new acquisitions, and to pursue organic growth for our existing divisions.

Nigel Newton
Chief Executive

Directors' Report - Financial Review

Results

Revenue for the Group was £99.95m (2007, £150.21m). The Group was working against an exceptionally strong comparative year as the final book in the Harry Potter series, *Harry Potter and the Deathly Hallows,* had been launched in 2007. During 2008 Bloomsbury benefited from a number of publishing successes across the group, in particular *A Thousand Splendid Suns*, *The Kite Runner*, *The Tales of Beedle the Bard* and *Eat, Pray, Love*. The Group has also shown significant growth in long-term revenues generated from rights, database and management contracts.

Bloomsbury's primary segmental analysis is by geographic breakdown, which follows the Group's international publishing strategy. Revenue in the UK was £71.06m (2007, £128.29m). *Harry Potter and the Deathly Hallows* was launched in 2007. Profit before investment income was £8.15m (2007, £18.16m). US revenue increased by 29.4% to £17.32m (2007, £13.39m) which was primarily due to the success of titles such as *The Suspicions of Mr Whicher*, the sale of *The Tales of Beedle the Bard* into the Canadian territory and increased rights and database income sales. Profit before investment income was £0.38m (2007, loss £1.64m). The impact on the US 2008 operating profit applying the average US Dollar exchange rate from 2007 is immaterial. For Continental Europe, revenue, which was generated by Berlin Verlag, increased 35.6% to £11.57m (2007, £8.53m) on the back of strong performances from authors including Khaled Hosseini and Jonathan Littell. Additional advance and stock provisions were taken during the year which resulted in a profit before investment income of £0.19m (2007, £0.28m). The impact on Berlin's 2008 operating profit applying the average Euro exchange rate from 2007 is immaterial.

The Group's secondary segmental disclosure is split into three main operating areas: Children's, Adult and Reference publishing. Under the current Group structure Children's and Adult form the Trade Publishing Division, and Reference the Specialist Publishing Division. All three segments operate in the UK, US and Germany. For 2008 the breakdown of revenue between the three areas was: Children's 38% (2007, 66%), Adult 42% (2007, 24%) and Reference 20% (2007, 10%).

Revenue in Children's was £38.33m (2007, £98.92m). *Harry Potter and the Deathly Hallows* was launched in July 2007 and was the main reason for the revenue decrease. However, there were strong performances during 2008 from *The Graveyard Book* by Neil Gaiman, *The Tales of Beedle the Bard* and the Harry Potter series of titles including the paperback of *Harry Potter and the Deathly Hallows*. Gross profit for Children's for 2008 was £17.10m (2007, £39.60m), with the contribution before administrative expenses of £13.65m (2007, £30.01m).

Adult revenue was £42.03m (2007, £35.85m). The revenue increase was driven by a number of strong selling titles including *The Kite Runner* (UK and Germany), *A Thousand Splendid Suns* (UK and Germany), *Eat, Pray, Love* (UK and Germany), *The Big Fat Duck Cookbook* (UK and USA), *Just Me* (UK), *The Suspicions of Mr Whicher* (UK and US), *The Snowball* (UK) and *Die Wohlgesinnten* (Germany). Gross profit for Adult for 2008 increased 15.5% to £15.32m (2007, £13.26m), with the contribution before administrative expenses up 32.6% to £7.97m (2007, £6.01m).

Reference revenue increased 26.8% to £19.59m (2007, £15.45m). The revenue growth was primarily due to the increase in value of income recognised on rights and database income deals during the year and the revenues from the acquisition of Featherstone, Berg and Wisden. Arden Shakespeare was acquired on 31 December 2008 with no contribution to the Income Statement in 2008. The gross profit for 2008 was up 71.6% to £10.83m (2007, £6.31m), with the contribution before administrative expenses up 161.4% to £6.90m (2007, £2.64m).

Rights revenue, which includes subsidiary rights, electronic database income, management contracts and income derived from third-party agencies, increased 77.5% to £9.30m (2007, £5.24m). The profit attributable to this revenue was £5.84m (2007, £2.95m). £4.50m (2007, £1.92m) of the profit was generated in the Specialist Publishing Division and £1.34m (2007, £1.03m) was generated in the Trade Publishing Division. The growth in rights and database income includes income from paperback renewals in US, the Macmillan English Dictionary Database, income from the digital edition of *Who's Who, QFINANCE* and the strategic partnership with the Qatar Foundation.

Gross profit for the Group for the year was £43.25m (2007, £59.17m). Gross profit margin increased to 43.3% (2007, 39.4%). The increase in the gross profit margin was primarily due to lower royalty costs charged to the Income Statement than in 2007 and the increased contribution from higher margin rights revenues. Royalty costs decreased to £13.96m (2007, £44.00m) and represented 14.0% of revenues (2007, 29.3% of revenues). Royalty rates vary according to the type of books published in any particular year. Provisions against unearned advances charged to the Income Statement were £9.13m (2007, £9.23m) and represented 9.1% of revenues (2007, 6.1% of revenues). Within the provision for unearned advances of £9.13m made during the year is an additional amount provided on the basis that in light of the current economic climate management does not consider those amounts to be recoverable. The value of the additional write-off of author advances to the Income Statement is £5.4m. Books returned by customers are credited to the returns provision. In addition there was a write-back in the returns provision relating to the provision brought forward from 2007 which, as a result of the level of returns actually received during 2008, is no longer required. The value of the write-back to the Income Statement is £5.1m. Stock provisions charged to the Income Statement decreased to £2.83m (2007, £4.30m) and represented 2.8% of revenues (2007, 2.9% of revenues).

Marketing and distribution costs decreased by 28.1% to £14.74m (2007, £20.51m). The variable element of these costs decreased in line with revenue. Administrative expenses decreased 9.3% to £20.11m (2007, £22.18m), due in part to cost reductions made during 2007 and 2008, and a reduction in the IFRS2 options charge to £0.19m (2007, £1.01m) as a result of the performance conditions not being met.

Profit before investment income was £8.40m (2007, £16.48m).

Investment income increased by 122.3% to £3.29m (2007, £1.48m) primarily as a result of higher average cash balances during the year and higher rates of interest earned on those balances.

The effective corporation tax rate for the year was 32.6% (2007, 33.9%). The decrease in the rate from 2007 mainly reflects profits generated in the US offset against brought-forward tax losses, the partial write-down of the deferred tax asset of Bloomsbury USA, the lower share-based payment charge for which tax relief will not be given until the relevant options are exercised, and certain expenses that are permanently disallowable for tax purposes. The Group continues to recognise deferred tax assets in respect of tax losses of Bloomsbury USA and Berlin Verlag which we expect will be utilised in the foreseeable future.

Basic earnings per share was 10.67 pence (2007, 16.06 pence). Diluted earnings per share was 10.67 pence (2007, 15.63 pence).

BALANCE SHEET

Non-current assets

Intangible assets increased to £27.54m (2007, £17.72m) primarily due to the acquisition of four companies during the year, namely Featherstone, Berg, Wisden and Arden Shakespeare. In addition there was an exchange gain of £1.4m (2007, £0.02m) which was taken to the translation reserve on the goodwill of the overseas subsidiaries.

Current assets

Inventories increased 15.1% to £16.59m (2007, £14.41m). The main factors leading to the increase was the movement on the USD / sterling exchange rate for our US operation, the Euro / sterling exchange rate for our German operation, an increase in the number of series titles published in the Specialist Division and the stock acquired on the four acquisitions made during the year.

Trade and other receivables decreased 35.7% to £48.98m (2007, £76.21m). Trade receivables decreased 51.7% to £22.94m (2007, £47.53m). At the end of 2007, there were outstanding receivables relating to the sale of *Harry Potter and the Deathly Hallows*, which was published during that year and cash was received during 2008. Since books sold are generally returnable by customers, the Group makes a provision against books sold in the accounting period. The unused provision at the year end is then carried forward as an offset to trade receivables in the balance sheet, in anticipation of further book returns subsequent to the year end. A provision for the Group of £7.78m (2007, £13.03m) for future returns relating to 2008 and prior year sales has been carried forward in trade receivables in the balance sheet at 31 December 2008. This provision at margin represents 7.8% (2007, 8.7%) of revenues. Within trade and other receivables, prepayments and accrued income decreased 7.9% to £25.71m (2007, £27.91m) due to provisions of £9.13m (2007, £9.23m) against advances to authors on titles published ('advance provisions'). There is also a reduction in the amount invested in future unpublished titles.

Equity and liabilities

As at 31 December 2008 total equity stood at £113.67m (2007, £100.07m). The increase was due to retained earnings of £4.76m (2007, £9.11m), shares issued as part consideration for the acquisition of Berg, the translation gain of consolidation of the assets and liabilities of overseas subsidiaries, and the increase in the share-based payment reserve due to the share-based payment charge for the year of £0.19m (2007, £1.01m).

Current liabilities decreased 44.2% to £32.92m (2007, £58.95m). Accruals and deferred income, which is included in trade and other payables, decreased to £24.01m (2007, £47.04m). Accruals and deferred income includes royalty payments to authors, which vary from year to year depending on turnover and the authors' royalty rates which typically escalate on triggered thresholds as volume sales increase.

Cash flow

The Group had a net cash inflow from operating activities before tax of £16.34m for the year (2007, £26.60m). Cash generation was particularly strong for the UK operation as a result of the continued success of titles, such as *A Thousand Splendid Suns*, *The Kite Runner* and *Eat, Pray, Love,* and cash received from long-term rights and database contracts. Corporation tax paid during the year was £6.18m (2007, £1.93m). The amount paid in 2007 included the impact of a claw-back of corporation tax overpaid on account for the 2006 financial year. During the year £3.03m (2007, £1.35m) of interest was received from deposits, and £2.98m (2007, £2.72m) of dividends were paid. £7.43m, net of cash acquired, was spent on the four companies acquired during the year (2007, £0.08m). The Group's net cash on the balance sheet as at 31 December 2008 was £51.91m (2007, £47.56m).

Colin Adams ACA
Group Finance Director

Directors' Report - Business Review
Risk Management

The Group understands the important role Risk Management plays in underpinning the Group's current performance and future success. The total avoidance of risk in a business environment is impossible. Actions were taken and processes were in place during the year, and up to the date of approval of this report, for identifying, evaluating and managing significant risks. These processes were regularly reviewed by the Board and were in accordance with the Turnbull guidance.

Principal Risks and Uncertainties

The Group, like all businesses, faces a number of risks and uncertainties as it conducts its operations. There are a number of factors that could impact the Group's long-term performance and steps are taken to understand and evaluate these in order to achieve our objective of creating long-term, sustainable returns for shareholders.

Details on financial risk management are given in note 22.

Principal risks and uncertainties to the business fall into the following three categories:

Title Acquisition

Advances to authors have the potential to reduce margins when portions of those advances remain unearned. When considering a title acquisition, an initial purchase evaluation process is carried out and signed off at a senior level. There is also a system of continuous review, analysis and feedback on title performance to better inform future acquisitions.

Market

Consumers may not buy a book that has been sold to retailers, and unsold books are returned for credit. Also, customers seek to price promote many titles which can reduce margins. The steps taken to protect and grow revenues are as outlined in the Chief Executive's Review.

Business Continuity

The security and robustness of our systems, in particular our IT systems, are important in all aspects of our business, whether in respect of the editorial and production processes, publicity, marketing and sales, or in respect of stock monitoring and order fulfilment. IT processes are continually updated and security improved, with daily offsite backup of electronic files. The performance of our key print and distribution suppliers is regularly monitored.

Directors' Report - Business Review
Corporate Responsibility

Social and Environmental Responsibility and Health and Safety

The Board takes regular account of the significance of social, environmental and ethical issues and has identified and assessed significant risks and opportunities to the Company's short-term and long-term value arising from these matters. Our commitment in this area is recognised by our continued inclusion in the FTSE4Good Index, FTSE's responsible investment index.

Employees

Employee Involvement and Communication

Employees are encouraged through the Company's share option schemes to own shares in the Company. Regular employee meetings are set up, aimed at consultation, so that employees' views are taken into account. Information about the Group's affairs, including financial and economic factors affecting the Group's performance, is communicated to employees through regular management meetings, electronic notice boards, intranet and social events.

Health and Safety

The Company takes reasonable and practicable steps to safeguard the health, safety and welfare of its employees, and recognises its responsibility for the health and safety of others who may be affected by its activities. Colin Adams has executive responsibility for health and safety issues.

Diversity in the workplace

The Company is committed to providing a working environment in which its employees are able to realise their potential and to contribute to business success irrespective of gender, marital status, ethnic origin, nationality, religion, disability, sexual orientation or age.

Employment of disabled persons

It is the Group's policy to offer equal opportunities to disabled persons in matters of recruitment, training, career development and promotion. Where people become disabled during the course of their employment, the Group seeks to retain their services and to provide retraining where necessary.

Social Responsibility

The Company recognises the importance of respecting and supporting the communities in which it operates, thus improving the positive impact of business in society.

During the year Bloomsbury continued its association with World Book Day. As a sponsor and partner, the Company was able to provide support for this global initiative, established in 1995 by the United Nations Educational, Scientific and Cultural Organization (UNESCO) with the objective of promoting and celebrating books and reading amongst children and adults.

The Company was also pleased to support the Puntland and Sri Lanka Tsunami reconstruction project through its continued partnership with Book Aid International, the registered charity working in developing countries to create reading and learning opportunities for people of all ages to help them realise their potential and alleviate poverty.

Ethical Behaviour

Bloomsbury is committed to, and expects its employees to exercise, high ethical and moral standards at all times whilst representing the Company. Bloomsbury also expects all relationships with customers, suppliers and other third parties to be conducted on a sound ethical footing. The Company has an Employee and Business Protection Policy which allows employees to raise, in confidence, concerns about possible improprieties in such matters.

Charitable and political donations

The Group is a strong supporter of, and participant in, various charities and initiatives. Charitable donations of £3,500 were made by the Group during the year (2007, £3,000). In addition, the Group was able to support numerous schools, libraries and other organisations, including charities such as Barnados and Shelter, with significant donations of books.

No political donations were made during the year or in the previous financial year.

The Environment

The Company recognises that the wise use of resources delivers both environmental and financial benefits. As part of our overall approach to corporate social responsibility, we aim to promote the maintenance of a healthy environment through responsible and sustainable consumption and production.

Our direct operations are predominately office-based, and our activities have been assessed by environmental consultants Trucost as having a low impact on the environment. However, our policy is to seek to minimise our impacts both in areas where we have direct control and through our supply chain. In particular, we have identified waste and greenhouse gas emissions as areas we shall be monitoring going forward, and therefore in accordance with the 2006 Government Guidelines, *Environmental Key Performance Indicators, Reporting Guidelines for UK Businesses,* these measurements, carried out by Trucost, are set out below.

Greenhouse Gases

Below we report our consumption of natural gas, vehicle fuel and electricity in kWh, converted to CO_2 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.

Scope 2 Supply Chain Impacts (Purchased Electricity)

Greenhouse Gases	Definition	Data Source and Calculation Methods	Quantity			
			Absolute Tonnes CO_2		Normalised Tonnes CO_2 Per £m Turnover	
			2007	2008	2007	2008
Electricity Use	Directly purchased electricity, which generates Greenhouse Gases including CO_2 emissions	Yearly consumption of directly purchased electricity in kWh collected for UK and German offices. Data scaled up by number of employees to estimate emissions for operations in the US. KWhs converted according to Defra and national emission factor values.	326	279	2.17	2.79

Scope 1 Direct Impacts (Operational)

Greenhouse Gases	Definition	Data Source and Calculation Methods	Quantity			
			Absolute Tonnes CO_2		Normalised Tonnes CO_2 Per £m Turnover	
			2007	2008	2007	2008
Building Operations	Emissions from natural gas consumption in utility boilers	Yearly consumption in kWh collected from fuel bills, converted according to Defra Guidelines for UK operations. Data scaled up by number of employees to estimate emissions for operations in the US and German offices.	109	98	0.72	0.98
Company Cars	Emissions from petrol consumption	Expense claims, converted using yearly average price for petrol in the UK. No fleet in the US and Germany.	94	76	0.63	0.76
Total Scope 1			203	174	1.35	1.74

The Company has liaised with the Carbon Trust to seek advice on how to reduce carbon emissions in the short to medium term through energy efficiency, which we hope will at the same time deliver energy cost savings.

Waste

Below we report our waste disposal by method of disposal in metric tonnes per annum. Once again we have also normalised the data to turnover in order to show our proportionate performance.

Waste	Definition	Data Source and Calculation Methods	Quantity			
			Absolute Tonnes CO_2		Normalised Tonnes CO_2 Per £m Turnover	
			2007	2008	2007	2008
Landfill	General office waste (which includes a mixture of paper, card, wood, plastics and metals) sent to landfill sites	Volume of waste generated per annum in the UK operations. Data scaled to estimate annual volume and volume for operations in the US and Germany offices.	53.1	50.1	0.35	0.50
Recycled	General office waste sent to recycling facilities	Volume of waste generated per annum as calculated by waste hauler in the UK operations. Data scaled to estimate annual volume and volume for operations in the US and Germany offices	39.6	40.6	0.26	0.41

There is systematic recycling of paper at all of our offices and we continue to make strenuous efforts to reduce our landfill waste by ensuring that waste both from our offices and remaindered books is recycled wherever possible. In 2008 approximately 40% of the Company's waste was recycled.

Directors' Report - Business Review
Corporate Responsibility

Water consumption

Indirect Impacts

Water	Definition	Data Source and Calculation Methods	Quantity			
			Absolute Cubic Metres		Normalised Cubic Metres Per £m Turnover	
			2007	2008	2007	2008
Water consumption	Directly purchased water	Yearly volume of water purchased calculated from UK bills. Data scaled up by number of employees to estimate consumption for operations in the US and Germany offices.	n.a	5,235	n.a	52.38

The Supply Chain

Our indirect impacts through our suppliers are clearly more significant than our direct impacts, which relate to our own office-based operations. We have analysed the impact of over 25 major suppliers, and we will monitor and engage with our key suppliers to reduce our environmental impact where possible.

We recognise that the use of paper has a significant impact on the environment. We therefore stipulate that the pulp, used to produce the papers for our books, must come from well-managed forests. We are also encouraging our suppliers to obtain *Forest Stewardship Council A.C. (FSC) accreditation and use FSC certified papers. The majority of our UK and European suppliers are now FSC Chain of Custody certified, along with one of our main Far Eastern colour printers.

Our policy is to spread the use of FSC certified papers across our lists. Since December 2005 the majority of our mono hardback and trade format paperbacks manufactured in the UK have been printed on *FSC certified mixed sources papers. The use of FSC accredited papers was extended in 2008 to include our UK produced mass market paperbacks. During 2008 we continued to extend the use of FSC accredited stocks to colour titles from both our Adult and Children's lists. Where possible, the Company seeks to use paper produced from 100% post consumer waste recycled pulp (PCW). For the *Harry Potter and the Deathly Hallows* paperback editions published in July 2008 we used a 100% ancient-forest friendly paper for the text, this was an *FSC certified stock made from a mixture of *FSC pulp and PCW pulp with FSC certified cover boards.

* © 1996 Forest Stewardship Council

Directors' Report - Corporate Governance
Board of Directors

Non-Executive Chairman

Jeremy Wilson joined the Bloomsbury Board as a Non-Executive Director in November 2005 and was appointed Non-Executive Chairman on 27 September 2007. He is Vice Chairman, Barclays Commercial Bank, Barclays Bank PLC. He joined Barclays in 1972. During his career at Barclays, Mr Wilson has held a variety of senior management positions, both in the UK and abroad, and has been responsible for major corporate and institutional client business.

Executive Directors

Nigel Newton is the founder of Bloomsbury, and is Chief Executive. After two years as assistant to the sales director at Macmillan London, he joined Sidgwick & Jackson in 1977 where, during the next nine years, he became sales director and deputy managing director, before leaving to found Bloomsbury in 1986 when he saw an opportunity for a new, independent, medium-sized publisher of books of excellence and originality.

Colin Adams ACA is Group Finance Director. He qualified as a chartered accountant with KPMG before joining CAM Galaxy Holdings Ltd as financial controller in 1989. In 1991 he joined Larousse PLC, the UK subsidiary of Groupe de la Cite SA, a large French publisher, as financial controller, before joining Bloomsbury in April 1994 as Finance Director. In 2007 he was appointed to the Investment Committee of the Creative Capital Fund, an equity fund that provides seed capital investment to entrepreneurs and businesses in London's creative industries. He is also Finance Director of A&C Black Publishers Ltd, Walker Publishing Company, Inc. and Berlin Verlag, as well as Executive Vice President of Bloomsbury Publishing Inc.

Richard Charkin joined the Bloomsbury Board as an Executive Director in October 2007 and has responsibility for the Trade Publishing Division. He began his career in 1972 as Science Editor of Harrap & Co. He has since held senior roles at Pergamon Press, Oxford University Press, Reed International/Reed Elsevier, Current Science Group and has been Chief Executive Officer of Macmillan Publishers Limited, Executive Director of Verlagsgruppe Georg von Holtzbrinck, Chairman of Macmillan India Ltd, a company listed on the Madras and Bombay Stock Exchanges, and the National Stock Exchange of India. Other publishing interests of Mr Charkin include being Non-Executive Director of Physics Publishing, Member of the Strategy Advisory Board of the British Library, Chair of the Society of Bookmen and he was President of the Publishers Association.

Non-Executive Directors

Charles Black was appointed Vice Chairman and senior independent Non-Executive Director of Bloomsbury in June 2005, having originally joined the Bloomsbury Board in June 2004. He started working for A&C Black in 1960 and was appointed Chairman and Joint Managing Director of the Board in 1973. He subsequently stepped down following the acquisition of A&C Black by Bloomsbury in 2000. Mr Black has considerable knowledge of reference and practical non-fiction publishing and was involved with the strategic acquisitions A&C Black made during his time as Chairman. He is Chairman of the Audit and Remuneration Committees.

Michael Mayer joined the Bloomsbury Board in January 2002. He is a San Francisco-based venture capitalist. Mr Mayer was actively involved in the early development of AOL and has worked with a broad range of companies during his more than 20 years in venture capital. He also has a long history of involvement in strategic acquisition transactions, which should prove helpful as the Company seeks to grow through acquisition. Mr Mayer was previously a partner at Price Waterhouse.

Board Committees

Audit Committee
Charles Black (Chairman)
Michael Mayer

Nomination Committee
Nigel Newton (Chairman)
Michael Mayer
Charles Black
Liz Calder *
Jeremy Wilson

Remuneration Committee
Charles Black (Chairman)
Michael Mayer
Jeremy Wilson

**Liz Calder a co-founder of Bloomsbury and Publisher was a member of the Nomination Committee until she stood down from the Board on 1 April 2008.*

Ian Portal FCIS

Group Company Secretary

Corporate Governance

Application of the Principles of Good Governance

The Board has reviewed the requirements of the Combined Code 2006, as issued by the Financial Reporting Council. The ways in which the Company applies and complies with the principles of the Code are described below and, in respect of remuneration, on pages 40 to 45.

The Board

At 31 December 2008, the Board consisted of three Executive Directors and three Non-Executive Directors, including a Non-Executive Chairman. The names of the six current Directors and their respective responsibilities are shown on page 29. EN Calder retired as an Executive Director on 1 April 2008.

The Board considers each of the three Non-Executive Directors 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.

The Board operates both formally, through Board and Committee meetings, and informally, through regular contact amongst directors. High level decisions on such matters as strategy, financial performance and reporting, dividends, risk management, major capital expenditure, acquisitions and disposals are reserved for the Board or Board Committees. For its regular formal meetings, the Board receives appropriate information in advance from the management. Other decisions outside of these areas are delegated to the Company's management, which reports to the Executive Directors.

The Chairman meets regularly with the Non-Executive Directors to consider their views. They constructively challenge and help develop proposals on strategy at meetings specifically set up for the purpose, which are attended by all Board members.

The directors can obtain independent professional advice at the Company's own expense in the performance of their duties as directors and have access to the Company Secretary.

The Board formally approves the appointment of all new directors on the recommendation of the Nomination Committee (see below). All directors are required to submit themselves for re-election at the first Annual General Meeting following their appointment and subsequent to this submit themselves for re-election at the Annual General Meeting on a rotational basis, which ensures that each director is submitted for re-election approximately every three years.

Proposals to re-elect directors are set out on page 34 and in the Notice of the Annual General Meeting on page 99.

Board Committees

Remuneration Committee – The current composition of the Remuneration Committee is shown on page 40 and the statement of the remuneration policy developed by the Committee and details of each director's remuneration are given within the Directors' Remuneration Report set out on pages 40 to 45. The terms of reference of the Remuneration Committee are available on the Company's website.

Audit Committee – The current composition of the Audit Committee is shown on page 29. The Audit Committee operates under terms of reference agreed by the whole Board and meets with the external auditors to consider the Company's financial reporting in advance of its publication, and with the internal auditors to consider the internal audit programme, feedback and reports. The terms of reference of the Audit Committee are available on the Company's website.

Nomination Committee – The current composition of the Nomination Committee is shown on page 29. The Committee meets as required and operates under terms of reference agreed by the whole Board, and which are available on the Company's website.

Board and Committee Attendance

The following table sets out the attendance of directors at Board and Committee meetings during 2008.

Director	Board Meetings	Remuneration Committee Meetings	Audit Committee Meetings	Nomination Committee Meetings
	Max 9	Max 3	Max 3	Max 1
Jeremy Wilson	9	3	–	1
Nigel Newton	9	–	–	1
Colin Adams	9	–	–	–
*Liz Calder	0	–	–	0
Richard Charkin	9	–	–	–
Charles Black	9	3	3	1
Michael Mayer	9	3	3	1

**Liz Calder stepped down from the Board on 1 April 2008*

Board Evaluation

During the year the Board carried out a formal Board evaluation. Designed to provide a mechanism to assess individual director and overall Board and Committee performance, the evaluation had two stages:

Stage One: Self Evaluation

A self assessment completed by each director and reviewed by the Chairman (or in the case of the Chairman's self evaluation, by the Senior Independent Director, the other Non-Executive Director and the Executive Directors), who involves the other Non-Executive Directors as necessary. The reviewer determines follow-up action required including face-to-face meetings, training and development or the implementation of new processes or procedures. This may also generate items for discussion in Stage Two.

Stage Two: Board/Committee Evaluation and Communication

Conducted within a Board forum environment and prompted by key pre-determined questions (including any items generated from Stage One of the process), the Board examines separately the performance of the Board, the Board Committees and Board Communication. The forum is minuted and action points noted.

Shareholder Communications

The Board's assessment of the Group's position and prospects are set out in the Chief Executive's Statement on pages 8 to 19 and the Financial Review on pages 20 to 23.

The Executive Directors meet regularly with institutional shareholders to discuss the Company's performance and future prospects. The views of institutional shareholders are canvassed and subsequently reported back to the Board.

In addition, the Chairman offers annually to meet with major shareholders to review with them the performance and governance of the Group and the Senior Independent Director and the Non-Executive Director are kept informed of shareholder views by regularly receiving reports from the Company's brokers.

The Annual General Meeting is used as a forum for communication with private shareholders.

Corporate Governance

Compliance with the Combined Code

The Board considers that the Company has complied throughout the year ended 31 December 2008 with the Combined Code except in relation to the following matters:

- Provision A.4.1 - the Chief Executive was and still is the Chairman of the Nomination Committee.
- Provision D1.1 – The Senior Independent Director did not attend meetings with major shareholders but was and still is kept informed of shareholder views by regularly receiving reports from the Company's brokers.

Internal Control

The Combined Code requires the directors to review, on an ongoing basis, the effectiveness of the systems of internal control, including financial, operational, compliance and risk management. The Board acknowledges that it has overall responsibility for the Group's system of internal control and for monitoring its effectiveness.

Audit Committee

The Audit Committee comprises the two Non-Executive Directors, Charles Black (its Chairman), and Michael Mayer. Both members of the Committee have significant financial experience due to the senior positions they hold or have held in the past.

The Audit Committee reports to the Board on any matters on which it considers that action or improvement is needed, and makes recommendations as to the steps to be taken. In particular, the Committee is responsible for:

- ensuring that the financial performance of the Group is properly monitored and reported;
- monitoring the formal announcements relating to financial performance;
- meeting the external auditors and reviewing reports prepared by the external auditors and management relating to accounts and internal control systems;
- appointing internal auditors, agreeing the internal audit plan and meeting with them to review reports and consider future internal audit strategy; and
- making recommendations to the Board in respect of external auditor appointment and remuneration.

The effectiveness of the internal controls systems for the period covered by the financial statements has been examined. The examination comprised a detailed review of internal controls with any significant findings or identified risks being closely examined so that appropriate action can be taken.

Since their appointment in December 2006, an experienced external provider of internal audit services, KPMG LLP, has worked with the Company to develop a risk-based internal audit programme for the Group. A representative of KPMG LLP regularly attended the Audit Committee meetings during the year and submitted their reports.

Key Controls and Procedures

The Board maintains full control and direction over appropriate strategic financial, organisational and compliance issues, and has put in place an organisational structure with defined lines of responsibility and delegations of authority.

The annual budget and forecasts are reviewed by the Board prior to approval being given. This includes the identification and assessment of the business risks inherent in the Group and the publishing sector as a whole along with associated financial risks.

The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The key procedures include:

- detailed budgeting and forecasting programme with annual budget and forecast approved by the Board;
- regular review by the Board of actual results compared with budget and forecasts;
- regular reviews by the Board of year-end forecasts;
- established procedures for acquisition of books for future publication, capital expenditure and expenditure incurred in the ordinary course of business;
- detailed budgeting and monitoring of costs incurred on the development of reference databases;
- established procedures for credit evaluation of new and existing customers with credit insurance on material customer accounts;
- reporting to, and review by, the Board of changes in legislation and practices within the publishing sector and accounting and legal developments pertinent to the Group;
- appointing experienced and suitably qualified staff to take responsibility for key business functions to ensure maintenance of high standards of performance; and
- an internal audit programme.

Auditor Independence

The Audit Committee also undertakes a formal assessment of the external auditor's independence each year which includes:

- confirmation of the external auditor's objectivity and independence in the provision of non-audit services provided to the Group including the use of separate teams to provide such services.
- discussion with the external auditor of a written report detailing relationships with the Company and any other parties that could affect independence or the perception of independence;
- a review of the external auditor's own procedures for ensuring independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the external auditor that, in their professional judgement, they are independent.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in note 2 to the accounts.

Directors' Report - Corporate Governance
Other Statutory Information

The Company is a public limited company, incorporated in England and quoted on the London Stock Exchange.

Principal activities
The principal activities of the Group are the publication of books and the development of electronic reference databases.

Review of developments and the Business Review
The Chairman's Statement, Chief Executive's Statement and Financial Review (on pages 6 to 23) contain a review of the Group's business and activities during the year, its financial position at the end of the year and the likely future developments. The elements covered in these reports, as well as in the sections dealing with Corporate Governance and Internal Control, which are covered by the Business Review, are incorporated into the Directors' Report by reference.

Dividends
The Income Statement of the Group for the year is set out on page 48. In November 2008 an interim dividend of 0.75 pence (net) per Ordinary Share was paid. The directors recommend the payment of a final dividend of 3.47 pence (net) per Ordinary Share payable on 1 July 2009 to Ordinary Shareholders on the register at the close of business on 22 May 2009.

Directors
The directors who held office at any time during the year were:

J J O'B Wilson	Non-Executive Chairman
J N Newton	Chief Executive
C R Adams ACA	Group Finance Director
R D P Charkin	Executive Director
E N Calder	Publishing Director
C A A Black	Vice Chairman and Senior Independent Non-Executive Director
M J Mayer	Independent Non-Executive Director

Biographical details of current Board directors are shown on page 29.

The directors' interests, including any changes in those interests occurring between 31 December 2008 and 21 April 2009, are set out in the Directors' Remuneration Report on pages 43 to 45.

At the Annual General Meeting, Jeremy Wilson and Colin Adams will retire by rotation in accordance with the articles of association of the Company and, being eligible, offer themselves for re-election. The Vice Chairman and Senior Independent Non-Executive Director confirms that Jeremy Wilson, the non-executive Chairman continues to be effective and to demonstrate his commitment to the role and value to the Company, as evidenced by the results of his recent formal evaluation and his attendance at Board and Board Committee Meetings. Given Mr Wilson's valued contribution, the Board believes it is in the Company's best interest that he be re-elected. Liz Calder retired from the Board on 1 April 2008.

Details of the service contracts of Jeremy Wilson and Colin Adams, the directors who are standing for re-election, are set out in the Director's Remuneration Report on page 41. Mr Wilson's service contract is terminable by either party on giving not less than 3 months' notice and Mr Adams' service contract is terminable by either party on giving not less than 12 months' notice.

Directors' Remuneration
The Directors' Remuneration Report is set out on pages 40 to 45.

Substantial Shareholdings

The directors have been notified of the following holding of Ordinary Shares in excess of 3% of the issued share capital at 6 April 2009:

	Number	Percentage
Aberdeen Asset Management PLC	8,840,409	11.00
Standard Life Investments Limited	4,836,843	6.56
Capital Research Management Co	6,030,000	8.21
Schroders Investment Management Limited	4,911,385	6.69
JP Morgan Chase & Co	4,566,890	6.21
Ameriprise Financial, Inc and its group	3,618,000	4.93
Capital Group Companies, Inc	2,722,811	3.70
Nigel Newton	2,258,488	3.07

Special Business – Annual General Meeting

Resolution 7 – On 27 June 2008, resolutions were passed by the Company's shareholders whereby the directors were given authority, under Section 80 of the Companies Act 1985, until the conclusion of the 2009 Annual General Meeting, to allot shares up to a maximum of the authorised but unissued share capital of the Company. The directors recommend by Resolution 7 to be proposed at the forthcoming Annual General Meeting that this authority should be extended so that it applies until the conclusion of the next Annual General Meeting of the Company. If Resolution 7 is approved by shareholders, the directors will have the authority to allot up to 18,316,377 Ordinary Shares, representing 24.86% of the Ordinary Shares currently in issue, of which 2,868,018 (3.897% of the Ordinary Shares currently in issue) are reserved for issue under the Company's share option schemes and performance share plan. The balance available for allotment is therefore 15,448,359 Ordinary Shares, representing 20.97% of the Ordinary Shares currently in issue. The Company does not currently have any treasury shares in issue. The directors have no present intention of exercising the authority except in connection with the issue of shares under the Company's share and share option schemes. The authority, if granted, will expire on conclusion of the next Annual General Meeting of the Company after the passing of the proposed Resolution 7, unless previously varied, revoked or renewed by the Company in the general meeting.

Resolution 8 – In addition, the directors were given authority under Section 95 of the Companies Act 1985, until the conclusion of the 2009 Annual General Meeting, to allot equity securities for cash, other than to existing shareholders in proportion to their holding, in connection with a rights issue, pursuant to the terms of employees' share or share option schemes approved by the members in general meeting and, in addition, up to an aggregate nominal amount equal to 5% of the issued Ordinary Share capital. The directors recommend that this authority should be renewed until the conclusion of the next Annual General Meeting or fifteen months from the date of passing of this resolution, whichever is the earlier, unless previously varied, revoked or renewed by the Company in the general meeting.

The Companies Act 1985 allows shares purchased by the Company to be held as treasury shares, which may then be cancelled, sold for cash or used to meet the Company's obligations under its share or share option schemes. The requirements to allot equity securities for cash to existing shareholders will also apply to the sale by the Company of any shares it holds as treasury shares. These requirements may be similarly disapplied by shareholders. The authority sought, and limits set, by Resolution 8 will then apply also to a sale of treasury shares. Apart from potentially acquiring shares to satisfy the vesting of options or awards under any of the Company's share or share option schemes, the directors have no present intention of holding shares in treasury pursuant to the Companies Act 1985.

Resolution 9 – This resolution renews the existing authority for the Company to make purchases of its own shares. The maximum number of Ordinary Shares which may be purchased pursuant to the authority is 3,684,181 being equal to 5% of the issued share capital of the Company as at the date of this Directors' Report. The total number of options to subscribe for equity shares currently outstanding is 1,063,201 being equal to 1.44% of the issued share capital. The total number of share awards currently outstanding granted under the performance share plan is 1,804,817 being equal to 2.45% of the issued share capital. If the full authority to buy back shares is used, the options and awards will represent 3.89% of the equity share capital. The minimum price which may be paid for an Ordinary Share (exclusive of expenses) shall be an amount equal to 105% of the average of the middle market quotations for the Company's ordinary shares for the five business days immediately preceding the date of purchase.

The authority sought to make market purchases of its own shares is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Companies Act. However, as mentioned above, the directors have no present intention of holding shares in treasury pursuant to the Companies Act 1985.

The directors consider that the authority proposed to be granted by Resolution 10 may be necessary in order to increase the earnings per share of the Group. They have no intention of exercising the authority at the present time but, if they do, the directors will neither be encouraging nor recommending shareholders to buy or sell shares in the Company nor in any way suggesting that it is an appropriate time to deal in such shares. This authority, if conferred, will only be exercised if to do so would result in an increase in the earnings per share and is in the best interests of shareholders generally.

The directors recommend that shareholders vote in favour of Resolutions 7, 8 and 9 which are, in the opinion of the directors, in the best interests of the shareholders as a whole.

Directors' Indemnities

In accordance with the Company's Articles of Association, 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.

Authority to Buy-back shares

The Company's Articles of Association empower the Company to buy-back its own shares. The Directors consider that the power to make purchases in the market of the Company's own shares should be maintained and the necessary special resolution will be proposed at the annual general meeting. The power was not exercised in 2008.

Insurance of Company Officers

The Group has maintained insurance throughout the year for its directors and officers against the consequences of actions brought against them in relation to their duties for the Group.

Policy on Supplier Payments

The Group does not follow a standard code for dealing with the payment of suppliers, but aims to pay all its suppliers within pre-agreed credit terms, provided that the supplier has performed in accordance with the relevant terms and conditions. At 31 December 2008 the number of days credit taken for purchases by the Group was 51 days (2007, 42 days).

Going Concern

Having made enquiries, the directors have a reasonable expectation that the Company and the Group as a whole has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Share Capital and Rights Attaching to the Company's Shares

Under the Articles of Association, 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).

At 31 December 2008, the Company's issued share capital consists of a single class of ordinary shares with nominal value of 1.25p. 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 present in person in relation to resolutions to be passed at a general meeting. Details of the authorised and issued share capital of the Company can be found in note 14 together with details of the shares issued during the year.

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 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 of 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 Services Authority regards as preventing dealing in the shares of that class from taking place on an open proper basis. The Directors may likewise refuse any transfer of a share in favour of more than four persons jointly.

Other Statutory Information

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 (for example, insider trading laws); and pursuant to the Listing Rules of the Financial Services Authority whereby certain employees of the Company require approval of the Company to deal in the Company's shares.

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

Resolutions will be proposed at the 2009 Annual General Meeting to authorise the directors to exercise all powers to allot shares and approve a limited disapplication of statutory pre-emption rights. Details are set out in the Notice of Meeting as contained on pages 99 to 100.

Directors' appointments and replacements

The procedure for the appointment of new directors is given on page 30 under the heading 'The Board'. A director may be removed from office by the passing of an ordinary resolution at a general meeting of the Company for which special notice is given.

Amendments to the Articles of Association

The Articles of the Company may be amended by the passing of a special resolution at a general meeting of the Company.

Share Schemes

The Bloomsbury Employee Benefit Trust 2005, as Trustee of the Bloomsbury Employee Benefit Trust, as at 21 April 2009 held 0.12% of the share capital of the Company for employee share schemes. The Trustee may vote on shares held by the trust at its discretion, but waives its right to a dividend.

Statement as to Disclosure of Information to Auditors

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 auditors are unaware. Each of the directors have 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.

Auditor

A resolution to reappoint Baker Tilly UK Audit LLP as auditor will be proposed at the forthcoming Annual General Meeting.

By order of the Board
I Portal FCIS
Secretary, 21 April 2009

Directors' Report - Corporate Governance
Statement of Directors' Responsibilities

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

UK Company law requires the directors to prepare group and company financial statements for each financial year. Under that law the directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and have elected to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The company financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the company.

In preparing each of the group and company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with IFRS's adopted by the EU;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Remuneration Report

The Remuneration Committee comprised at 31 December 2008 the three non-executive directors, Charles Black (its Chairman), Michael Mayer and Jeremy Wilson.

The Remuneration Committee operates under Terms of Reference agreed by the whole Board.

Remuneration Report

The Board has had full regard to the requirements set out in the Companies Act 1985 Schedule 7A (Directors' Remuneration Report Regulations 2002) in preparing this report. A resolution will be put to the shareholders at the Annual General Meeting to be held on 29 May 2009 inviting them to consider and approve this report.

Compliance

The constitution and operation of the Committee is in compliance with the principles and best practice provisions as set out in the Combined Code, and full consideration was given to these in determining the remuneration packages for the executive directors for 2008 and 2009.

Policy on Remuneration of Executive Directors

The Remuneration Committee reviews the performance of executive directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders. In determining that remuneration, the Remuneration Committee seeks to offer a competitive remuneration structure to maintain the high calibre of the Company's executive board. The Committee believes that maintaining the Group's business growth and profit record requires an overall compensation policy with a strong performance-related element.

The main components of the executive directors' remuneration are:

1) Basic salary

Basic salary for each director is determined by the Remuneration Committee taking into account external market data. The Committee's policy is to review salaries annually.

2) Annual bonus

The Company operates an annual bonus scheme for its executive directors. For 2008 Nigel Newton and Colin Adams the amount payable was determined by reference to achieving budgeted operating profit targets. For Richard Charkin the amount payable was determined by reference to a combination of Group EPS and budgeted operating profit.

For 2008 the bonus for each of the aforementioned directors, which is not pensionable, was limited to a maximum of 100% of basic salary at the end of the financial year. Liz Calder, who retired on 1 April 2008, did not participate in the annual bonus scheme in 2008.

The 2009 bonuses for Nigel Newton, Richard Charkin and Colin Adams will remain a maximum of 100% of basic salary. 80% of their bonus will be based on a range of pre tax profit targets set by reference to the Group budget and 20% will be based on the successful delivery of pre-set strategic and personal goals.

All annual bonuses are payable in cash following the release of the Group's preliminary audited results.

3) Pension contributions

The Group does not operate a pension scheme, but the executive directors receive a contribution to their private pension arrangements. These contribution levels have been reviewed by the Committee during the year. With effect from 1 January 2009 Nigel Newton and Colin Adams will each receive a contribution of 15% of their basic salary to their private pension schemes, and Richard Charkin will receive an additional contribution of 5% of his basic salary in lieu of pension.

4) Share options, the Performance Share Plan and Sharesave Plan

The Group believes that share ownership by executive directors strengthens the link between their personal interests and those of the shareholders in respect of shareholder value. Upon listing of the Company in 1994, Approved and Unapproved Executive Share Option Schemes ("the Schemes") were introduced. The 10 year life of the Schemes has now expired and no new options have been granted under either of the Schemes since 2004.

At an Extraordinary General Meeting of the Company held on 27 September 2005 resolutions were passed approving the setting up of a Performance Share Plan (to incentivise the executive directors and other senior employees), a Sharesave Plan (to incentivise the Bloomsbury workforce as a whole) and an Employee Benefit Trust (to operate in conjunction with the new plans, as appropriate) – further detail on the Employee Benefit Trust is set out on page 91.

Performance Share Plan ("the PSP")

The plan allows the Remuneration Committee to grant conditional allocations of Ordinary Shares to eligible employees with a maximum value (normally) of 150% of base salary per annum. Awards granted under the PSP will normally only vest after three years, provided the participant is still employed in the Group and that performance conditions have first been achieved (these conditions are set by the Remuneration Committee each year prior to award). The first awards under the PSP were made on 4 November 2005, since when there have been further awards on 26 October 2006, 8 May 2007 and 12 May 2008 to directors and the conditions attached to those awards are set out on page 44.

The Remuneration Committee has not granted and has no present intention of granting awards greater than 100% of base salary per annum, save for an initial grant to Richard Charkin on joining the Company of 150% of base salary which was awarded during 2008. The Remuneration Committee is conscious that it may be appropriate to apply even more demanding performance conditions if it is felt appropriate to make awards under the PSP in excess of 100% of salary in any year.

Sharesave Plan

This is an all-employee savings-related share option scheme under which options can be granted to acquire Ordinary Shares after a vesting period of three, five or seven years at an exercise price determined at the outset, on condition that they agree to make savings into a special savings account. This plan is approved by HM Revenue and Customs and gives participants tax and National Insurance benefits. The first grant of 115,671 options under this plan was made on 5 May 2006, a second grant of 100,118 options on 8 June 2007 and a third grant of 92,983 was made on 12 May 2008.

Contracts of Service

All the executive directors have service contracts which are terminable by either party giving to the other not less than twelve months' written notice.

Nigel Newton's contract, dated 24 June 2003, had an initial fixed term of two years. Under the terms of the contract, on 24 June 2005 this agreement effectively became and continues to be determinable by either party giving to the other not less than twelve months' written notice as recommended by the Combined Code.

Colin Adams' and Richard Charkin's contracts are dated 24 September 2004 and 10 October 2007 respectively. Liz Calder's contract was dated 1 July 2004 and ended on 1 April 2008.

The non-executive directors, Charles Black and Michael Mayer, do not have service contracts, but each has a letter of appointment. Each letter of appointment is dated 7 July 2006, and all confirmed that the term of appointment was until the 2007 Annual General Meeting and thereafter subject to re-election every three years in accordance with the Company's Articles of Association. The Chairman Jeremy Wilson's letter of appointment is dated 31 October 2007 and is determinable by either party giving three months' notice and is subject to re-election every three years.

There are no specific provisions for compensation on early termination of service contracts. Compensation on early termination may be payable by the Company by agreement between the Company and the director and with the approval of the Remuneration Committee. No compensation was paid to Liz Calder when she retired on 1 April 2008.

Policy on Remuneration of Non-Executive Directors

The remuneration of the non-executive directors is set by the executive directors. The non-executive directors do not participate in the Company's pension, annual bonus or equity plans and their fees are paid entirely in cash compensating them for their time and responsibilities.

Directors' Emoluments (audited)

	2008 £'000	2007 £'000
Salaries	909	749
Fees	189	136
Profit related bonus	778	589
Other emoluments [1]	37	41
	1,913	1,515
Pension contributions	64	77
Gain on exercise of share options	–	–
	1,977	1,592

Directors' emoluments including benefits in kind and pension contributions paid by the Group during the financial year are as follows:

	Basic salary or fees 2008 £'000	Profit related bonus 2008 £'000	Other benefits[1] 2008 £'000	Total 2008 £'000	Gain on share options exercised 2008 £'000	Pension contributions 2008 £'000	Total 2008 £'000
Chief Executive							
J N Newton	372	375	15	762	–	37	799
Executive directors							
E N Calder	36	–	6	42	–	6	48
C R Adams	210	212	13	435	–	21	456
R D P Charkin	291	191	3	485	–	–	485
Non-Executive directors							
C A A Black	39	–	–	39	–	–	39
M J Mayer	55	–	–	55	–	–	55
J J O'B Wilson	95	–	–	95	–	–	95
	1,098	778	37	1,913	–	64	1,977

[1] Benefits - the Company offers a motor vehicle and medical insurance cover for all executive directors.

The comparative directors' emoluments including benefits in kind and pension contributions for the previous financial year, or from the date of the appointment of Mr Charkin, are shown below:

	Basic salary or fees 2007 £'000	Profit related bonus 2007 £'000	Other benefits[1] 2007 £'000	Total 2007 £'000	Gain on share options exercised 2007 £'000	Pension contributions 2007 £'000	Total 2007 £'000
Chief Executive							
J N Newton	362	364	14	740	–	37	777
Executive directors							
E N Calder	112	19	14	145	–	20	165
C R Adams	204	206	13	423	–	20	443
R D P Charkin	71	–	–	71	–	–	71
Non-Executive directors							
C A A Black	38	–	–	38	–	–	38
M J Mayer	46	–	–	46	–	–	46
J J O'B Wilson	52	–	–	52	–	–	52
	885	589	41	1,515	–	77	1,592

[1] Benefits - the Company offers a motor vehicle and medical insurance cover for all executive directors.

Colin Adams serves as an executive director of the Company's subsidiary company, A&C Black Publishers Limited. Included above is a salary to Colin Adams of £33,818 (2007, £32,833) paid by A&C Black Publishers Limited.

Three directors (2007, three) were accruing benefits under defined contribution pension arrangements during the year.

Directors' Interests in Share Options (audited)

The following options have been granted to the directors over ordinary shares in the Company:

	Scheme	At 1 January 2008	Granted during the year	Lapsed during the year	At 31 December 2008	Exercise Price	Date from which exercisable	Expiry Date
J N Newton	Sharesave	3,397	–	(3,397)	–	275.20p	1 June 2009	1 December 2009
J N Newton	Sharesave	5,432	–	(5,432)	–	148.20p	1 July 2010	1 January 2011
J N Newton	Sharesave	–	8,131	–	8,131	115.60p	1 July 2011	1 January 2012
*E N Calder	Sharesave	2,718	–	–	2,718	275.20p	1 June 2009	1 December 2009
*E N Calder	Sharesave	1,096	–	–	1,096	148.20p	1 July 2010	1 January 2011
C R Adams	Sharesave	4,336	–	(4,336)	–	148.20p	1 July 2010	1 January 2011
C R Adams	Sharesave	–	8,131	–	8,131	115.60p	1 July 2011	1 January 2012
R D Charkin	Sharesave	–	8,131	–	8,131	115.60p	1 July 2011	1 January 2012

** The figures for EN Calder are as at 1 April 2008, the date she retired from the Board.*

Directors' Long-Term Incentive: the Performance Share Plan (audited)

The following awards have been made to the directors over Ordinary Shares in the Company under the Bloomsbury Performance Share Plan 2005 ("the PSP"):

	Date of award	At 1 January 2008	Awarded during the year	Vested during the year	Lapsed during the year	At 31 December 2008
J N Newton	4 November 2005	100,621	–	–	(100,621)	–
	26 October 2006	59,818	–	–	–	59,818
	8 May 2007	120,466	–	–	–	120,466
	12 May 2008	–	194,706	–	–	194,706
E N Calder	4 November 2005	23,439	–	–	(23,439)	–
	26 October 2006	13,935	–	–	–	13,935
	8 May 2007	31,179	–	–	–	31,179
C R Adams	4 November 2005	42,616	–	–	(42,616)	–
	26 October 2006	25,336	–	–	–	25,336
	8 May 2007	56,690	–	–	–	56,690
	12 May 2008	–	83,563	–	–	83,563
R D Charkin	12 May 2008	–	295,848	–	–	295,848

(1) For the purposes of determining the number of Ordinary Shares comprised in an award the market value of a share shall be equal to either the average middle-market price of a Share during the five dealing days immediately preceding the award date or the middle-market price on the dealing day before the award date. The 2005 awards under the PSP were based on the average middle-market price of 337.9p. The 2006 awards under the PSP were based on the average middle-market price of 315.25p. The 2007 award under the PSP were based on the average middle-market price of 181.4p. The 2008 award under the PSP were based on the middle market price of 144.5p.

(2) All awards are granted for nil consideration and are in respect of Bloomsbury Publishing Plc Ordinary Shares of 1.25p.

(3) For all awards made to the directors, there are two performance conditions which need to be satisfied if awards are to vest at the end of the three year performance period (the "Performance Period"):

a. In respect of 50% of the total award, the performance condition is growth in Bloomsbury's normalised Earnings Per Share (EPS) over the Retail Prices Index (RPI) during the three full financial years immediately preceding the end of the relevant Performance Period. If EPS growth is between 5% and 8% p.a. over RPI, the number of shares vesting will be pro rata to actual growth, with 17.5% of total award vesting at 5% p.a., and the full 50% vesting at 8% p.a. None of this part of the award will vest if EPS growth over RPI is less than 5% p.a.

b. In respect of 50% of the total award, the performance condition is Bloomsbury's rank over the relevant Performance Period in terms of its Total Shareholder Return (TSR) compared to companies constituting the FTSE Mid 250 (excluding investment trusts) at the date of grant. If the Company's TSR ranking is between median and the upper quartile, the number of shares vesting will be pro rata to position, with 17.5% of total award vesting at median, and the full 50% vesting if the Company's position is in the upper quartile. None of this part of the award will vest if the Company's TSR ranking is below median.

(4) There will be no opportunity to retest performance if the performance conditions are not satisfied over the relevant Performance Period.

Directors' Interests

a) Interests in shares

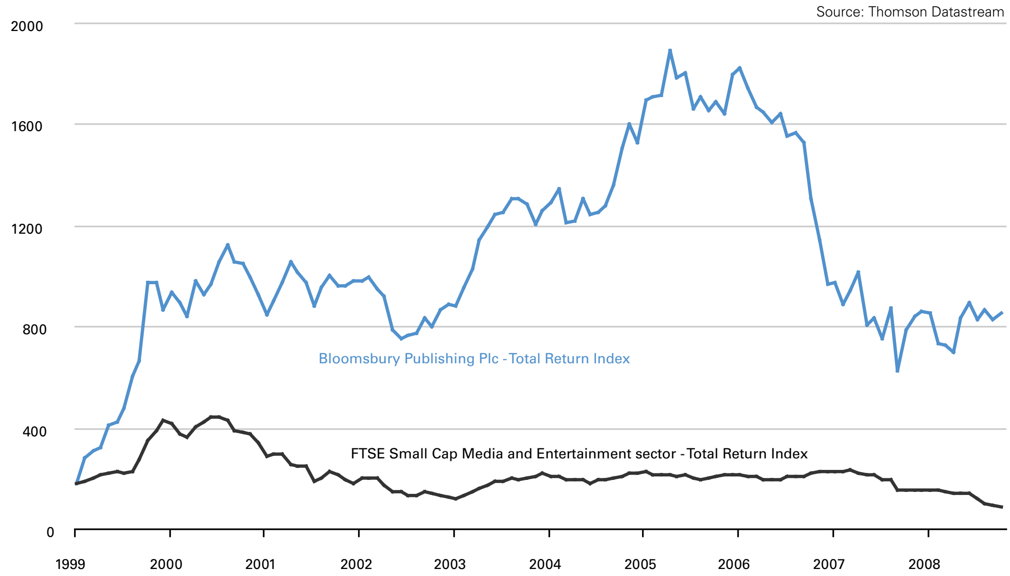
The directors who held office during the year had the following interests in the share capital of the Company. All shareholdings are beneficial and include the interests of spouses and minor children.

	Ordinary Shares 1.25p each 31 December 2008 Number	Ordinary Shares1.25p each 31 December 2007 Number
J N Newton	2,258,488	2,758,488
E N Calder	27,019	27,019
C R Adams	50,000	50,000
R D P Charkin	12,000	8,333
C A A Black	159,000	159,000
M J Mayer	19,380	19,380
J J O'B Wilson	3,347	783

The market price of an Ordinary Share at 31 December 2008 was 159.75p (2007, 151.1p) and the range from 1 January 2008 to the end of the year was 124.25p to 174.15p (2007, 256.0p to 118.0p).

b) Other interests
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.

Total Shareholder Return - Performance Graph



The graph above shows the Group's Total Shareholder Return from April 1999 to 31 December 2008 together with the FTSE Small Cap Media and Entertainment sector index. The index is considered to be the most appropriate comparative index for the Company.

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

Charles Black
Chairman of the Remuneration Committee
21 April 2009

Independent Auditor's Report

Independent Auditor's Report to the Members of Bloomsbury Publishing Plc

We have audited the Group and Parent Company financial statements on pages 48 to 95. We have also audited the information in pages 42 to 44 of the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the auditable part of the Directors' Remuneration Report in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you if, in our opinion, the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Operating and Financial Review that is cross referenced from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the Combined Code 2006 specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Five Year Financial Summary, the Chairman's Statement, the Directors' Report, the Statement of Directors' Responsibilities and the unaudited part of the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and of the Group's profit for the year then ended;
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 December 2008;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST
21 April 2009

Financial Statements – Consolidated Income Statement

for the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Revenue	1	99,948	150,211
Cost of sales	2	(56,698)	(91,042)
Gross profit		43,250	59,169
Marketing and distribution costs	2	(14,742)	(20,513)
Administrative expenses	2	(20,109)	(22,181)
Profit before investment income, finance costs and tax	2	8,399	16,475
Investment income	3a	3,285	1,480
Finance costs	3b	(51)	(99)
Profit before taxation		11,633	17,856
Income tax expense	5	(3,793)	(6,052)
Profit for the year, attributable to equity holders of the parent company		7,840	11,804
Basic earnings per share	7	10.67p	16.06p
Diluted earnings per share	7	10.67p	15.63p

Financial Statements - Consolidated Balance Sheet

at 31 December 2008

	Notes	2008 £'000	2007 £'000
Assets			
Non-current assets			
Property, plant and equipment	8	1,443	1,877
Intangible assets	9	27,543	17,716
Deferred tax assets	11	2,152	1,848
Total non-current assets		31,138	21,441
Current assets			
Inventories	12	16,589	14,406
Trade and other receivables	13	48,982	76,213
Cash and cash equivalents		51,908	47,558
Total current assets		117,479	138,177
Total Assets		148,617	159,618
Equity and Liabilities			
Capital and reserves attributable to equity holders of the parent company			
Ordinary shares	14	922	920
Share premium		39,388	39,191
Capital redemption reserve		20	20
Share-based payment reserve		2,305	2,114
Translation reserve		7,554	(899)
Retained earnings		63,483	58,723
Total equity		113,672	100,069
Liabilities			
Non-current liabilities			
Deferred tax	11	1,451	135
Retirement benefit obligations	15	18	77
Other payables	15	558	390
Total non-current liabilities		2,027	602
Current liabilities			
Trade and other payables	16	32,603	55,852
Current tax liabilities		315	3,095
Total current liabilities		32,918	58,947
Total liabilities		34,945	59,549
Total equity and Liabilities		148,617	159,618

The financial statements were approved by the Board of Directors and authorised for issue on 21 April 2009.

J N Newton

Director

C R Adams

Director

Financial Statements - Company Balance Sheet

at 31 December 2008

	Notes	2008 £'000	2007 £'000
Assets			
Non-current assets			
Property, plant and equipment	8	988	1,544
Investments in subsidiary companies	10	34,302	29,067
Deferred tax assets	11	309	261
Total non-current assets		35,599	30,872
Current assets			
Inventories	12	2,335	3,147
Trade and other receivables	13	32,288	74,199
Cash and cash equivalents		47,859	42,438
Total current assets		82,482	119,784
Total Assets		118,081	150,656
Equity and Liabilities			
Capital and reserves attributable to equity holders of the company			
Ordinary shares	14	922	920
Share premium		39,388	39,191
Capital redemption reserve		20	20
Share-based payment reserve		2,305	2,114
Retained earnings		52,350	58,268
Total equity		94,985	100,513
Liabilities			
Non-current liabilities			
Other payables		558	390
Total non-current liabilities		558	390
Current liabilities			
Trade and other payables	16	22,538	46,854
Current tax liabilities		–	2,899
Total current liabilities		22,538	49,753
Total liabilities		23,096	50,143
Total equity and Liabilities		118,081	150,656

The financial statements were approved by the Board of Directors and authorised for issue on 21 April 2009.

J N Newton

Director

C R Adams

Director

Financial Statements - Consolidated Statement of Changes in Equity Attributable to the Equity Holders of the Parent

	Ordinary shares £'000	Share premium £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
Balances at 1 January 2007	918	38,915	20	1,104	(1,236)	49,612	89,333
Exchange differences on translating foreign operations	–	–	–	–	337	–	337
Deferred tax on share-based payments	–	–	–	–	–	25	25
Income recognised directly in equity	–	–	–	–	337	25	362
Profit for the year	–	–	–	–	–	11,804	11,804
Total recognised income and expense for the year	–	–	–	–	337	11,829	12,166
Share-based payments	–	–	–	1,010	–	–	1,010
Dividends	–	–	–	–	–	(2,718)	(2,718)
Share issues	2	276	–	–	–	–	278
Balances at 31 December 2007	920	39,191	20	2,114	(899)	58,723	100,069
Exchange differences on translating foreign operations	–	–	–	–	8,453	–	8,453
Deferred tax on share-based payments	–	–	–	–	–	34	34
Income recognised directly in equity	–	–	–	–	8,453	34	8,487
Profit for the year	–	–	–	–	–	7,840	7,840
Total recognised income and expense for the year	–	–	–	–	8,453	7,874	16,327
Share-based payments	–	–	–	191	–	–	191
Dividends	–	–	–	–	–	(2,980)	(2,980)
Share issues	2	197	–	–	–	–	199
Purchase of shares by the Employee Benefit Trust	–	–	–	–	–	(134)	(134)
Balances at 31 December 2008	922	39,388	20	2,305	7,554	63,483	113,672

Financial Statements - Company Statement of Changes in Equity Attributable to the Equity Holders of the Parent

	Ordinary shares £'000	Share premium £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Retained earnings £'000	Total £'000
Balances at 1 January 2007	**918**	**38,915**	**20**	**1,104**	**48,080**	**89,037**
Deferred tax on share-based payments	–	–	–	–	28	28
Income recognised directly in equity	**–**	**–**		**–**	**28**	**28**
Profit for the year	–	–	–	–	12,878	12,878
Total recognised income and expense for the year	**–**	**–**	**–**	**–**	**12,906**	**12,906**
Share-based payments	–	–	–	1,010	–	1,010
Dividends	–	–	–	–	(2,718)	(2,718)
Share issues	2	276	–	–	–	278
Balances at 31 December 2007	**920**	**39,191**	**20**	**2,114**	**58,268**	**100,513**
Deferred tax on share-based payment	–	–	–	–	34	34
Income recognised directly in equity	**–**	**–**	**–**	**–**	**34**	**34**
Loss for the year (after investment impairment)	–	–	–	–	(2,972)	(2,972)
Total recognised income and expense for the year	**–**	**–**	**–**	**–**	**(2,938)**	**(2,938)**
Share-based payments	–	–	–	191	–	191
Dividends	–	–	–	–	(2,980)	(2,980)
Share issues	2	197	–	–	–	199
Balances at 31 December 2008	**922**	**39,388**	**20**	**2,305**	**52,350**	**94,985**

Financial Statements - Consolidated Cash Flow Statement

for the year ended 31 December 2008

	2008 £'000	2007 £'000
Cash flows from operating activities		
Profit before tax	11,633	17,856
Adjustments for:		
Depreciation of property, plant and equipment	844	680
Amortisation of intangible assets	102	35
Goodwill impairment	111	–
(Profit)/loss on sale of property, plant and equipment	(12)	1
Share-based payment charges	191	1,010
Investment income	(3,285)	(1,480)
Finance costs	51	99
	9,635	18,201
Decrease in inventories	38	1,540
Decrease/(increase) in trade and other receivables	33,350	(28,113)
(Decrease)/increase in trade and other payables	(26,686)	34,971
Cash generated from operations	16,337	26,599
Income taxes paid	(6,183)	(1,928)
Net cash inflow from operating activities	10,154	24,671
Cash flows from investing activities		
Purchase of property, plant and equipment	(354)	(230)
Proceeds from sale of property, plant and equipment	30	9
Purchase of businesses, net of cash acquired	(7,433)	(75)
Interest received	3,026	1,349
Net cash (used in)/generated from investing activities	(4,731)	1,053
Cash flows from financing activities		
Issue of share capital	–	278
Purchase of shares by the Employee Benefit Trust	(134)	–
Equity dividends paid	(2,980)	(2,718)
Interest paid	(51)	(99)
Net cash used in financing activities	(3,165)	(2,539)
Net increase in cash and cash equivalents	2,258	23,185
Cash and cash equivalents at beginning of period	47,558	24,304
Exchange gain on cash and cash equivalents	2,092	69
Cash and cash equivalents at end of period	51,908	47,558

Financial Statements - Company Cash Flow Statement

for the year ended 31 December 2008

	2008 £'000	2007 £'000
Cash flows from operating activities		
(Loss)/profit before tax	(475)	18,786
Adjustments for:		
Depreciation of property, plant and equipment	681	539
Investment impairment	8,719	–
Share-based payment charges	191	1,010
Investment income	(3,471)	(2,367)
Finance costs	–	9
	5,645	17,977
Decrease in inventories	812	2,794
Decrease/(increase) in trade and other receivables	42,726	(27,017)
(Decrease)/increase in trade and other payables	(24,148)	32,095
Cash generated from operations	25,035	25,849
Income taxes paid	(5,633)	(1,637)
Net cash inflow from operating activities	19,402	24,212
Cash flows from investing activities		
Purchase of property, plant and equipment	(125)	(90)
Additional investment in subsidiaries	(13,954)	(3,619)
Interest received	3,212	2,236
Net cash used in investing activities	(10,867)	(1,473)
Cash flows from financing activities		
Issue of share capital	–	278
Purchase of shares by the Employee Benefit Trust	(134)	–
Equity dividends paid	(2,980)	(2,718)
Interest paid	–	(9)
Net cash used in financing activities	(3,114)	(2,449)
Net increase in cash and cash equivalents	5,421	20,290
Cash and cash equivalents at beginning of period	42,438	22,148
Cash and cash equivalents at end of period	47,859	42,438

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations endorsed by the European Union ("EU") and those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

These financial statements have been prepared in accordance with the accounting policies set out below, which have been consistently applied to all years. These accounting policies comply with applicable IFRSs and IFRIC interpretations issued, effective and endorsed by the EU at the time of preparing these statements.

IFRIC interpretation 11, IFRS 2 'Group and Treasury Share Transactions', is mandatory for the Group's accounting periods beginning on or after 1 March 2007. IFRIC 11 provides guidance on applying IFRS 2 when a parent grants rights to its equity instruments to employees of its subsidiary.

The following Standards and Interpretations, which were effective for this financial period, have no material impact on the financial statements of the Group:

- IFRIC 7 'Applying the Restatement Approach under IAS 29 'Reporting in Hyperinflatory Economies" (effective for annual periods beginning on or after 1 May 2006);
- IFRIC 8 'Scope of IFRS 2' (effective for annual periods beginning on or after 1 May 2006);
- IFRIC 10 'Interim Financial Reporting and Impairment' (effective for annual periods beginning on or after 1 November 2006).

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective:

- IFRS 8 'Operating Segments' (effective for annual periods beginning on or after 1 January 2009); this Standard replaces IAS 14 'Segment Reporting' and requires segmental information reported to be based on that which management uses internally for evaluating performance of operating segments and requires increased disclosure relating to reportable segments.
- IAS 1 'Presentation of Financial Statements' (effective for annual periods beginning on or after 1 January 2009); requires amendments to the structure of financial statements.
- IAS 36 'Impairment of Assets' (effective for annual periods beginning on or after 1 January 2009); this requires disclosure of estimates used to determine recoverable amount.
- IFRS 2 'Share-based Payments' (effective for annual periods beginning on or after 1 January 2009); changes to vesting conditions and cancellations in relation share-based remuneration.
- IFRS 3 'Business Combinations' (effective for annual periods beginning on or after 1 July 2009); comprehensive revision on applying the acquisition method.
- IFRS 7 'Financial Instruments' (effective for annual periods beginning on or after 1 July 2008); disclosure amendment; reclassification of financial assets.
- IAS 27 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after 1 July 2009); amendments arising from IFRS 3.
- IAS 39 'Financial Instruments' (effective for annual periods beginning on or after 1 July 2008); amendment, reclassification of financial assets.

There were no other Standards and Interpretations which were in issue but not effective at the date of authorisation of these financial statements that the directors anticipate will have a material impact on the financial statements of the Group.

(b) Goodwill and intangible assets

Goodwill, being the excess of the cost of acquisition over the fair value of assets acquired, is recognised as an intangible asset.

Goodwill is not amortised, but instead is subject to annual impairment reviews. Any impairment losses are recognised immediately in the income statement and are not subsequently reversed. Goodwill is allocated to cash generating units for the purpose of impairment testing.

Negative goodwill is credited to the income statement in the period in which it arises.

Intangible assets are capitalised and amortised over their expected useful lives by equal annual instalments at the following rates:

Publishing Relationships	–	5% - 12.5% per annum
Imprints	–	3% - 5% per annum
Subscriber Relationships	–	6% per annum
Order Backlog	–	33% per annum

The amortisation is included in administrative expenses.

(c) Revenue

Revenue represents the amount derived 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. Revenue from book publishing is recognised on delivery. Revenue from the sale of publishing and distribution rights, including film, paperback, electronic, overseas publishing rights and sponsorship, is recognised on the delivery of the related content. Revenue from database contracts is recognised in accordance with the stages of completion of contractual services provided.

(d) Inventories

Inventories include paper, sheets and bound stock. The cost of work in progress and finished stock represents the amounts invoiced to the Group for paper, origination, printing and binding. Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method.

(e) Property, plant and equipment

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

Property, plant and equipment are depreciated in order to write down their cost by equal annual instalments over their expected useful lives at the following rates:

Short leasehold improvements	–	7 - 17% per annum
Furniture and fittings	–	10% per annum
Computer equipment	–	20% per annum
Other office equipment	–	20% per annum
Motor vehicles	–	25% per annum

Depreciation is pro-rated in the years of acquisition and disposal of an 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.

(f) Royalty advances to authors

Advances to authors are included within prepayments and accrued income and are written off to the extent that they are not covered by anticipated future sales or firm contracts for subsidiary rights receivable.

(g) Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense.

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 years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax 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.

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 substantially enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

(h) Foreign currencies

The presentational currency is sterling. The parent Company's functional currency is sterling. The functional currencies of its overseas subsidiaries are Euros and US dollars.

Transactions in currencies other than the functional currency are recorded 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. Income statements and cash flows of overseas subsidiary companies are translated into sterling at average exchange rates for the year. The closing rate of exchange is used to translate net assets.

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. All other exchange differences are charged or credited to the income statement.

Exchange differences arising from the retranslation of opening net assets and income statements of overseas subsidiary companies are dealt with as movements in equity.

(i) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet 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 do not carry any interest and are initially recognised at fair value and subsequently at amortised cost using the effective interest method less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and changes to debtor payment patterns are considered indicators that the trade receivable may be impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and other short-term deposits held by the Group, repayable on demand.

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.

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.

Equity instruments

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

(j) Operating leases

Operating leases are leases where substantially all the risks and rewards incidental to ownership of the related asset are not transferred to the Group. Operating lease rentals are charged to the income statement as they fall due.

(k) Pension costs

Pension costs relating to defined contribution pension schemes are charged to the income statement in the period for which contributions are payable.

Until 1997 a subsidiary company operated a defined benefit pension scheme. The liability in respect of the defined benefit pension scheme is the present value of the defined benefit obligations, calculated using the projected unit credit method at each balance sheet date by the scheme actuary, less the fair value of the scheme's assets.

The current service cost, interest on scheme liabilities and all actuarial gains and losses are recognised in the income statement.

(l) Share-based payment

The Group issues equity-settled share-based payment transactions 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 shares that will eventually vest.

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

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

Awards granted under the Group's share appreciation rights scheme are equity settled.

(m) Employee share ownership plans

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 records certain assets and liabilities of the trust as its own. Finance costs and administrative expenses are charged as they accrue.

(n) Consolidation

The consolidated financial statements comprise the accounts of the Company and its subsidiaries at the year end. The results of the subsidiaries are accounted for in the income statement from the date of acquisition.

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit to the Group. Subsidiaries are fully consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any minority interest.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(o) Segmental reporting

A business segment is a group of assets and operations that provide a product or service and that is subject to risks and returns that are different from other business segments. A geographic segment is a group of assets and operations that provide a product or service within a particular economic environment and that is subject to risks and returns that are different from segments operating in different economic environments.

(p) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, 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 value 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 as an expense immediately.

(q) 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:

Book 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 receivables in the balance sheet in anticipation of book returns received subsequent to the year end.

Author advances

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

Inventory

At the end of each financial year 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 to value the inventories at the lower of cost and net realisable value.

Impairment reviews

IFRS requires 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 9 details the assumptions used.

1. Segmental analysis

Geographical segments

The Group considers that as the main thrust of its growth is to develop its international publishing strategy, the primary segmental reporting should be based on geographical segments by location of assets. The analysis by geographical segment is shown below.

Year ended 31 December 2008	United Kingdom £'000	North America £'000	Continental Europe £'000	Unallocated eliminations, costs, assets and liabilities £'000	Total £'000
Revenue					
External sales	71,062	17,317	11,569	–	99,948
Inter-segment sales*	–	–	213	(213)	–
Total revenue	**71,062**	**17,317**	**11,782**	**(213)**	**99,948**
Result					
Segment result	8,152	378	185	–	8,715
Unallocated central costs	–	–	–	(316)	(316)
Profit before investment income	8,152	378	185	(316)	8,399
Investment income	–	–	–	3,285	3,285
Finance costs	–		–	(51)	(51)
Profit before taxation	8,152	378	185	2,918	11,633
Income tax expense	–	–	–	(3,793)	(3,793)
Profit for the year	**8,152**	**378**	**185**	**(875)**	**7,840**
Other Information					
Capital additions	292	25	37	–	354
Depreciation	804	15	25	–	844
Amortisation of intangible assets	67	35	–	–	102
Goodwill impairment	111	–	–	–	111
Profit on sale of property, plant and equipment	12	–	–	–	12
Share-based payment charges	191	–	–	–	191
Balance Sheet					
Assets					
Segment assets	124,996	24,692	10,091	(13,314)	146,465
Unallocated assets – tax assets	–	–	–	2,152	2,152
Total assets	**124,996**	**24,692**	**10,091**	**(11,162)**	**148,617**
Liabilities					
Segment liabilities	39,787	3,709	2,997	(13,314)	33,179
Unallocated liabilities – tax liabilities	–	–	–	1,766	1,766
Total liabilities	**39,787**	**3,709**	**2,997**	**(11,548)**	**34,945**

*Inter-segment sales are charged at prevailing market rates.

Year ended 31 December 2007	United Kingdom £'000	North America £'000	Continental Europe £'000	Unallocated eliminations, costs, assets and liabilities £'000	Total £'000
Revenue					
External sales	128,290	13,392	8,529	–	150,211
Inter-segment sales*	–	–	911	(911)	–
Total revenue	**128,290**	**13,392**	**9,440**	**(911)**	**150,211**
Result					
Segment result	18,160	(1,644)	283	–	16,799
Unallocated central costs	–	–	–	(324)	(324)
Profit/(loss) before investment income	18,160	(1,644)	283	(324)	16,475
Investment income	–	–	–	1,480	1,480
Finance costs	–	–	–	(99)	(99)
Profit/(loss) before taxation	18,160	(1,644)	283	1,057	17,856
Income tax expense	–	–	–	(6,052)	(6,052)
Profit/(loss) for the year	**18,160**	**(1,644)**	**283**	**(4,995)**	**11,804**
Other Information					
Capital additions	198	5	27	–	230
Depreciation	650	10	20	–	680
Amortisation of intangible assets	–	35	–	–	35
(Loss) on sale of property, plant and equipment	(1)	–	–	–	(1)
Share-based payment charges	1,010	–	–	–	1,010
Balance Sheet					
Assets					
Segment assets	149,279	18,759	13,534	(23,802)	157,770
Unallocated assets – tax assets	–	–	–	1,848	1,848
Total assets	**149,279**	**18,759**	**13,534**	**(21,954)**	**159,618**
Liabilities					
Segment liabilities	53,991	17,896	8,234	(23,802)	56,319
Unallocated liabilities – tax liabilities	–	–	–	3,230	3,230
Total liabilities	**53,991**	**17,896**	**8,234**	**(20,572)**	**59,549**

External Sales by destination	United Kingdom £'000	North America £'000	Continental Europe £'000	Total £'000
Destination				
Year ended 31 December 2008				
United Kingdom	48,585	–	–	48,585
North America	2,038	16,729	–	18,767
Continental Europe	7,748	–	11,569	19,317
Australasia	5,947	–	–	5,947
Far and Middle East	4,986	588	–	5,574
Rest of the world	1,758	–	–	1,758
Total external sales	71,062	17,317	11,569	99,948
Year ended 31 December 2007				
United Kingdom	74,598	–	–	74,598
North America	8,494	13,392	–	21,886
Continental Europe	24,992	–	8,529	33,521
Australasia	10,060	–	–	10,060
Far and Middle East	7,664	–	–	7,664
Rest of the world	2,482	–	–	2,482
Total external sales	128,290	13,392	8,529	150,211

Business segments

The Group's business is organised in three operating areas: Adult, Children's and Reference. The following table provides the breakdown of revenue and profit before investment income for these areas.

Year ended 31 December 2008	Adult £'000	Children's £'000	Reference £'000	Unallocated £'000	Total £'000
Revenue	42,031	38,330	19,587	–	99,948
Cost of sales	(26,713)	(21,229)	(8,756)	–	(56,698)
Gross profit	15,318	17,101	10,831	–	43,250
Marketing and distribution costs	(7,353)	(3,454)	(3,935)	–	(14,742)
Segment result	7,965	13,647	6,896	–	28,508
Administrative expenses	–	–	–	(20,109)	(20,109)
Profit before investment income	7,965	13,647	6,896	(20,109)	8,399
Investment income	–	–	–	3,285	3,285
Finance costs	–	–	–	(51)	(51)
Profit before taxation	7,965	13,647	6,896	(16,875)	11,633
Income tax expense	–	–	–	(3,793)	(3,793)
Profit for the year	7,965	13,647	6,896	(20,668)	7,840

Year ended 31 December 2007	Adult £'000	Children's £'000	Reference £'000	Unallocated £'000	Total £'000
Revenue	35,845	98,916	15,450	–	150,211
Cost of sales	(22,585)	(59,316)	(9,141)	–	(91,042)
Gross profit	13,260	39,600	6,309	–	59,169
Marketing and distribution costs	(7,248)	(9,595)	(3,670)	–	(20,513)
Segment result	6,012	30,005	2,639	–	38,656
Administrative expenses	–	–	–	(22,181)	(22,181)
Profit before investment income	**6,012**	**30,005**	**2,639**	**(22,181)**	**16,475**
Investment income	–	–	–	1,480	1,480
Finance costs	–	–	–	(99)	(99)
Profit before taxation	6,012	30,005	2,639	(20,800)	17,856
Income tax expense	–	–	–	(6,052)	(6,052)
Profit for the year	**6,012**	**30,005**	**2,639**	**(26,852)**	**11,804**

The following is an analysis of the carrying value of segment assets:

Carrying amount of segment assets	2008 £'000	2007 £'000
Adult	36,037	33,095
Children's	22,870	46,515
Reference	31,248	19,453
Unallocated central assets	58,462	60,555
	148,617	159,618

Capital additions are not specific to business segments.

2. Profit before investment income, finance costs and tax

Profit is stated after charging/(crediting) the following amounts:	2008 £'000	2007 £'000
Auditor's remuneration (see below)	304	321
Depreciation of property, plant and equipment	844	680
(Profit)/loss on disposal of property, plant and equipment	(12)	1
Amortisation of intangible assets	102	35
Impairment of goodwill	111	–
Advance provisions*	9,127	9,229
Write back of returns provision#	(5,160)	–
Exchange gain	(51)	(42)
Staff costs (see note 4)	14,951	16,176

*Within this provision for unearned advances of £9.13m made during the year is an additional amount provided on the basis that in light of the current economic climate management does not consider those amounts to be recoverable. The value of the additional write off of author advances to the Income Statement is £5.4m.

#The write-back of the returns provision relates to a provision brought forward from 2007 which, as a result of the level of returns actually received during the year, is no longer required. The value of the write back to the Income Statement account is £5.1m.

Cost of sales, marketing and distribution costs and administrative expenses are analysed below:

	2008 £'000	2007 £'000
Cost of sales:		
Editorial staff costs	2,079	2,311
Cost of goods and rights sold	26,419	28,494
Inventory provision and write down	5,089	7,239
Royalty costs	23,111	52,998
	56,698	91,042
Marketing and distribution costs:		
Staff costs	695	703
Depreciation	25	33
Marketing expenses	5,123	5,835
Distribution fees and commission	8,899	13,942
	14,742	20,513
Administrative expenses:		
Staff costs	11,986	12,152
Other staff related expenses	798	896
Share-based payment charge	191	1,010
Depreciation	819	647
Premises costs	1,775	2,980
Professional fees	1,714	1,957
Editorial expenses	1,550	1,684
Insurance	408	542
Amortisation of intangible assets	102	–
Impairment of goodwill	111	35
Bad debts provision and write off	598	112
Exchange (gain)/loss	(51)	(42)
Other	108	208
	20,109	22,181

Amounts payable to Baker Tilly UK Audit LLP and their associates in respect of both audit and non-audit services are as follows:

	2008 £'000	2008 %	2007 £'000	2007 %
Audit services				
– statutory audit of parent company and consolidated financial statements	86	27	85	26
Other services				
The auditing of accounts of associates of the Company pursuant to legislation				
– audit of subsidiaries where such services are provided by Baker Tilly UK Audit LLP or its associates	69	22	70	22
– work performed by associates of Baker Tilly UK Audit LLP in respect of consolidation returns or local legislative requirements	11	3	7	2
– pension scheme audit	3	1	3	1
Other services supplied pursuant to such legislation				
– interim results	43	13	35	11
Tax services				
– compliance services	60	19	88	27
– advisory services	20	6	33	11
Services relating to corporate finance transactions*	29	9	–	–
	321	100	321	100

*Costs in relation to the acquisitions of £29,000 (2007, £nil) which have been included in the cost of acquisition.

3a. Investment income

	2008 £'000	2007 £'000
Interest on bank deposits	2,903	1,227
Other interest receivable	310	175
Expected return on pension plan assets	28	22
Actuarial gains on defined benefit pension plan	44	56
	3,285	1,480

3b. Finance costs

	2008 £'000	2007 £'000
Interest cost on pension obligations	32	30
Other interest payable	18	69
Bank overdraft	1	–
	51	99

4. Directors and employees

Staff costs during the year were:

	2008 £'000	2007 £'000
Salaries	12,630	12,936
Social security costs	1,618	1,666
Other pension costs	512	564
Share-based payment charge	191	1,010
	14,951	16,176

The monthly average number of employees during the year was:

	2008 Number	2007 Number
Editorial, production and selling	225	240
Finance and administration	70	73
	295	313

Full details concerning directors' emoluments, shareholdings, options and other interests are shown in the Directors' Remuneration Report on pages 40 to 45.

Staff costs are charged to cost of sales, marketing and distribution costs and administrative expenses. The allocation is shown in note 2.

Pension costs

The pension costs summarised above of £512,000 (2007, £564,000) 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 income of £493,000 (2007, £545,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. As at 31 December 2008, contributions of £18,000 (2007, £19,000) due in respect of the current reporting period had not been paid over to the schemes and are accrued in the balance sheet.

Defined benefit plan

A subsidiary company operates a defined benefit scheme for some staff. Accrual of benefits ceased in 1997, with the scheme now operated as a closed fund. A full actuarial valuation was carried out as at 1 January 2007 and updated to 31 December 2008 by a qualified independent actuary.

At the date of the last completed independent actuarial valuation, which was 1 January 2007, the market value of the assets of the scheme was £424,000. The actuary advised that at that date the actuarial valuation of the assets of the scheme was sufficient to cover 73% of the benefits that had accrued to members, after allowing for expected increases in earnings. The scheme is actuarially valued every three years. The next valuation of the scheme will be as at 1 January 2010.

Contributions are paid by the employer as and when required to cover any expenses of the scheme. In addition, contributions paid to the scheme during the year were £19,000 (2007, £19,000). The directors' best estimate of the contribution to be paid in 2009 is £19,000.

The Group's policy is to fund the deficit in the scheme by additional contributions to meet the scheme's commitment to members.

The major assumptions used by the actuary for the update were as follows:

	31 December 2008	31 December 2007	31 December 2006	31 December 2005	31 December 2004
Rate of increase in salaries	n/a	n/a	n/a	n/a	n/a
Rate of increase in pensions in payment (LPI)	0.0%	0.0%	0.0%	0.0%	0.0%
Discount rate	6.3%	5.9%	5.2%	4.8%	5.3%
Inflation assumption	2.9%	3.2%	3.3%	2.9%	2.9%
Expected return on plan assets*	5.0%	5.8%	5.1%	3.5%	3.8%

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

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

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

	31 December 2008 Life expectancy at age 65	31 December 2007 Life expectancy at age 65
Male currently aged 40	23.1	23.2
Female currently aged 40	25.9	26.0
Male currently aged 65	22.0	21.9
Female currently aged 65	24.8	24.8

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

	2008 £'000	2007 £'000
Interest cost	32	30
Expected return on scheme assets	(28)	(22)
Actuarial (gains)/losses	(44)	(56)
	(40)	(48)

The gross (credit)/charge for the year has been included in finance costs and investment income.

Actuarial gains and losses have been reported in the income statement.

The actual return on scheme assets was £19,000 (2007, £26,000).

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

	2008 £'000	2007 £'000
Total value of assets (with profit policy)	496	471
Present value of funded scheme liabilities	(514)	(548)
Retirement benefit obligations (net liability)	(18)	(77)
Deferred taxation	5	22
	(13)	(55)
Analysis for reporting purposes:		
Non-current liabilities	(18)	(77)
Deferred tax assets	5	22

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

	2008 £'000	2007 £'000
At 1 January	(548)	(574)
Interest cost	(32)	(30)
Benefits paid	13	4
Actuarial gains/(losses)	53	52
At 31 December	(514)	(548)

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

	2008 £'000	2007 £'000
At 1 January	471	430
Expected return on scheme assets	28	22
Actuarial (losses)/gains	(9)	4
Employer contributions	19	19
Benefits paid	(13)	(4)
At 31 December	496	471

The history of experience adjustments is as follows:

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Present value of defined benefit obligations	(514)	(548)	(574)	(517)	(461)
Fair value of scheme assets	496	471	430	387	359
Deficit in scheme	(18)	(77)	(144)	(130)	(102)
Experience gains/(losses) on scheme assets:					
amount (£'000)	(9)	4	15	(3)	(2)
percentage of scheme assets	(2%)	1%	4%	(1%)	(1%)
Experience gains/(losses) on scheme liabilities:					
amount (£'000)	(4)	9	(59)	12	11
Percentage of the present value of the scheme liabilities	(1%)	2%	(10%)	2%	2%

5. Taxation

(a) Tax charge for the year

	2008 £'000	2007 £'000
Based on the profit for the year:		
UK corporation tax	3,195	6,493
(Over)/under provision in respect of prior year	–	(277)
Overseas taxation – current year	197	(39)
	3,392	6,177
Deferred tax (note 11)		
– UK	109	159
– Overseas	292	(284)
	3,793	6,052

(b) Factors affecting tax charge for the year

The tax assessed for the year is different from the standard rate of corporation tax in the UK (28.5%). The differences are explained below:

	2008 £'000	2007 £'000
Profit before taxation	11,633	17,856
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007, 30%)	3,315	5,357
Effects of:		
Reduction in tax rates	–	190
Non-deductible revenue expenditure	19	254
Income not taxable	(12)	–
Non-qualifying depreciation	64	–
Share-based payments	95	348
Indexation allowance	(28)	–
Different rates of tax on overseas results	79	(247)
Tax losses not utilised	266	549
Adjustment to tax charge in respect of previous periods		
– current tax	(3)	(277)
– deferred tax	(2)	(122)
Tax charge for the year	3,793	6,052

(c) Factors affecting tax charge for future years

Details of the Group's deferred tax assets are shown in note 11.

On 19 July 2007 the UK Finance Bill 2007 received Royal Assent. The Bill included a reduction of the full corporation tax rate from 30% to 28% with effect from 1 April 2008. Accordingly, UK deferred tax assets and liabilities at the balance sheet date have been calculated at 28%. In the year ending 31 December 2008, the current tax charge reflected an effective UK corporation tax rate of 28.5%.

6. Dividends

For the prior year

A final dividend for 2007 of 3.30 pence per share (£2,428,000) was paid to the equity shareholders on 1 July 2008, being the amount proposed by the directors, and subsequently approved by the shareholders at the 2008 Annual General Meeting (2007, final dividend for 2006 paid in 2007 of 3.00 pence per share, £2,203,000).

For the current year

On 18 November 2008 an interim dividend of 0.75 pence per share (£552,000) was paid to the equity shareholders (2007, 0.70 pence per share, £515,000).

The directors propose that a final dividend of 3.47 pence per share will be paid to the equity shareholders on 1 July 2009. Based on the number of shares currently in issue, the final dividend will be £2,557,000, This dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

7. Earnings per share

The basic earnings per share has been calculated by reference to earnings of £7,840,000 (2007, £11,804,000) and a weighted average number of Ordinary Shares in issue after deducting 88,760 shares held by the Employee Benefit Trust of 73,503,495 (2007, 73,518,044). The diluted earnings per share has been calculated by reference to earnings of £7,840,000 (2007, £11,804,000) and a weighted average number of Ordinary Shares of 73,506,869 (2007, 75,529,183) which takes account of share options and awards.

The reconciliation between the weighted average number of shares for the basic earnings per share and the diluted earnings per share is as follows:

	2008 Number	2007 Number
Weighted average number of shares for basic earnings per share	73,503,495	73,518,044
Dilutive effect of share options and awards	3,374	2,011,139
Weighted average number of shares for diluted earnings per share	73,506,869	75,529,183

The earnings per share are shown below:

	2008	2007
Basic earnings per share	10.67p	16.06p
Diluted earnings per share	10.67p	15.63p

8. Property, plant and equipment

The Group Year ended 31 December 2008	Short leasehold improvements £'000	Furniture and fittings £'000	Computers and other office equipment £'000	Motor vehicles £'000	Total £'000
Cost:					
At 1 January 2008	2,030	403	1,699	232	4,364
Additions	21	45	210	78	354
Disposals	(397)	–	(201)	(90)	(688)
Subsidiaries acquired	6	–	36	–	42
Exchange differences	4	1	63	–	68
At 31 December 2008	**1,664**	**449**	**1,807**	**220**	**4,140**
Depreciation:					
At 1 January 2008	891	248	1,190	158	2,487
Charge for the year	554	30	216	44	844
Disposals	(397)	–	(201)	(72)	(670)
Exchange differences	4	–	32	–	36
At 31 December 2008	**1,052**	**278**	**1,237**	**130**	**2,697**
Net book value:					
At 31 December 2008	**612**	**171**	**570**	**90**	**1,443**
At 1 January 2008	1,139	155	509	74	1,877

Depreciation is charged to administrative expenses and marketing and distribution costs.

The Group Year ended 31 December 2007	Short leasehold improvements £'000	Furniture and fittings £'000	Computers and other office equipment £'000	Motor vehicles £'000	Total £'000
Cost:					
At 1 January 2007	2,030	402	1,523	194	4,149
Additions	–	1	165	64	230
Disposals	–	–	–	(26)	(26)
Exchange differences	–	–	11	–	11
At 31 December 2007	**2,030**	**403**	**1,699**	**232**	**4,364**
Depreciation:					
At 1 January 2007	495	217	968	137	1,817
Charge for the year	396	31	216	37	680
Disposals	–	–	–	(16)	(16)
Exchange differences	–	–	6	–	6
At 31 December 2007	**891**	**248**	**1,190**	**158**	**2,487**
Net book value:					
At 31 December 2007	**1,139**	**155**	**509**	**74**	**1,877**
At 1 January 2007	1,535	185	555	57	2,332

The Company Year ended 31 December 2008	Short leasehold improvements £'000	Furniture and fittings £'000	Computers and other office equipment £'000	Total £'000
Cost:				
At 1 January 2008	2,009	402	984	3,395
Additions	21	40	64	125
Disposals	(397)	–	–	(397)
At 31 December 2008	**1,633**	**442**	**1,048**	**3,123**
Depreciation:				
At 1 January 2008	870	248	733	1,851
Charge for the year	554	30	97	681
Disposals	(397)	–	–	(397)
At 31 December 2008	**1,027**	**278**	**830**	**2,135**
Net book value:				
At 31 December 2008	**606**	**164**	**218**	**988**
At 1 January 2008	1,139	154	251	1,544

The Company Year ended 31 December 2007	Short leasehold improvements £'000	Furniture and fittings £'000	Computers and other office equipment £'000	Total £'000
Cost:				
At 1 January 2007	2,009	402	894	3,305
Additions	–	–	90	90
At 31 December 2007	**2,009**	**402**	**984**	**3,395**
Depreciation:				
At 1 January 2007	478	217	617	1,312
Charge for the year	392	31	116	539
At 31 December 2007	**870**	**248**	**733**	**1,851**
Net book value:				
At 31 December 2007	**1,139**	**154**	**251**	**1,544**
At 1 January 2007	1,531	185	277	1,993

9. Intangible assets

The Group	2008 £'000	2007 £'000
Total carrying amount of intangible assets:		
Goodwill	22,459	17,479
Publishing relationships	2,254	237
Trademarks	123	–
Imprints	2,394	–
Subscriber relationships	184	–
Order backlog	129	–
At 31 December	27,543	17,716
Goodwill	17,479	17,396
Publishing relationships	237	276
At 1 January	17,716	17,672

Goodwill

Year ended 31 December 2008	The Group £'000	The Company £'000
Cost:		
At 1 January 2008	21,632	721
Additions	3,674	–
Exchange gain on retranslation	1,417	–
At 31 December 2008	26,723	721
Accumulated impairment losses:		
At 1 January 2008	4,153	721
Impairment	111	–
At 31 December 2008	4,264	721
Carrying amount:		
At 31 December 2008	22,459	–
At 1 January 2008	17,479	–

Year ended 31 December 2007	The Group £'000	The Company £'000
Cost:		
At 1 January 2007	21,549	721
Additions	65	–
Exchange gain on retranslation	18	–
At 31 December 2007	21,632	721
Accumulated impairment losses:		
At 1 January 2007 and 31 December 2007	4,153	721
Carrying amount:		
At 31 December 2007	17,479	–
At 1 January 2007	17,396	–

The Group Year ended 31 December 2008	Publishing relationships £'000	Trademarks £'000	Imprints £'000	Subscriber relationships £'000	Order Backlog £'000	Total £'000
Cost:						
At 1 January 2008	343	–	–	–	–	343
Additions	–	123	–	–	–	123
Subsidiaries acquired	2,008	–	2,413	187	141	4,749
Exchange gain on retranslation	77	–	–	–	–	77
At 31 December 2008	**2,428**	**123**	**2,413**	**187**	**141**	**5,292**
Amortisation:						
At 1 January 2008	106	–	–	–	–	106
Charge for the year	68	–	19	3	12	102
At 31 December 2008	**174**	**–**	**19**	**3**	**12**	**208**
Net book value:						
At 31 December 2008	**2,254**	**123**	**2,394**	**184**	**129**	**5,084**
At 1 January 2008	237	–	–	–	–	237

The Group Year ended 31 December 2007	Publishing relationships £'000	Total £'000
Cost:		
At 1 January 2007	347	347
Exchange loss on retranslation	(4)	(4)
At 31 December 2007	**343**	**343**
Amortisation:		
At 1 January 2007	71	71
Charge for the year	35	35
At 31 December 2007	**106**	**106**
Net book value:		
At 31 December 2007	**237**	**237**
At 1 January 2007	276	276

In accordance with IFRS 3, goodwill has been frozen at its net book value at 1 January 2004 and is not amortised, but instead is subject to annual impairment reviews. Any impairment losses are recognised immediately in the income statement. The carrying value is determined on the basis of value in use.

On 31 March 2008 A&C Black acquired the whole of the issued share capital of Featherstone Education Limited for a cash consideration of £1,176,000. Featherstone Education Limited is a specialist educational publisher, which focuses on publishing to support teachers and of education of young children. The acquisition has been accounted for by the purchase method of accounting. The goodwill of £415,000 arising on this acquisition has been capitalised on the Group balance sheet.

On 30 September 2008 A&C Black acquired the whole of the issued share capital of Oxford International Publishers Limited t/a Berg Publishers for an initial consideration of £2,092,245 comprising £1,893,000 cash and the issue of new ordinary shares to the value of £199,245. 121,824 ordinary shares of 1.25p were issued in Bloomsbury Publishing Plc on 30 September 2008 at a market price as quoted on the London Stock Exchange. Berg Publishers is an independent academic publishing company with a particular focus on books and journals for the academic student market in the fields of fashion, design and culture studies. There will also be a contingent consideration based on the average revenues for the Berg Fashion Library element of the business in 2014 and 2015 up to a maximum of £1,000,000. None of the contingent consideration has been recognised as it is not considered probable that an amount will be paid and a reliable measurement cannot be ascertained due to the timescales the contingent consideration is based on. The acquisition has been accounted for by the purchase method of accounting. The goodwill of £1,194,000 arising on the acquisition has been capitalised in the Group balance sheet.

On 30 November 2008 A&C Black acquired the whole of the issued share capital of John Wisden (Holdings) Limited for a cash consideration of £2,842,000. John Wisden (Holdings) Limited is the publisher of Wisden Cricketers' Almanack. The acquisition has been accounted for by the purchase method of accounting. The goodwill of £1,556,000 arising on the acquisition has been capitalised in the Group balance sheet.

On 31 December 2008 A&C Black acquired the trade and net assets of Arden Shakespeare, a publisher of academic Shakespeare series for a cash consideration of £1,778,000. The acquisition has been accounted by the purchase method of accounting. The goodwill of £509,000 arising on the acquisition has been capitalised in the Group balance sheet.

Additions represent the goodwill on the acquisitions during the year, as shown below:

	The Group £'000
Acquisition of Featherstone Education Limited	415
Acquisition of Oxford International Publishers Limited t/a Berg Publishers	1,194
Acquisition of John Wisden (Holdings) Limited	1,556
Acquisition of Arden Shakespeare	509
Additions in the year	3,674

The table below summarises the book values of the major categories of assets and liabilities of Featherstone Education Limited at the date of acquisition by the Group and their fair values included in the consolidated financial statements at that date.

	Book value £'000	Fair value adjustments £'000	Total fair value to the Group £'000
Net assets acquired:			
Identifiable intangible assets	–	737	737
Inventories	127	(78)	49
Trade and other receivables	181	(50)	131
Cash and cash equivalents	155	–	155
Deferred tax asset/(liability)	–	(206)	(206)
Payables and provisions	(101)	(4)	(105)
	362	399	761
Goodwill			415
Consideration			1,176
Consideration satisfied by:			
Cash			1,150
Costs			26
			1,176
Net cash outflow arising on acquisition:			
Cash consideration			1,176
Cash acquired			(155)
			1,021

Identifiable intangible assets of £737,000 consist of imprints and series names of £286,000 and publishing rights of £451,000. The imprints have a useful life of twenty years and publishing rights thirteen.

A deferred tax liability of £206,000 has been provided against these intangible assets. Although this liability has been recognised in accordance with IAS 12 and a proportion will be amortised to the income statement as the related intangible asset is amortised, this liability is only payable if the intangible asset is sold separately and this is not expected to happen.

The goodwill is attributable to the expected profitability of the acquired business and the synergies expected to arise after the acquisition. The results of the acquired entity have been consolidated in the income statement from the date of acquisition. From the date of acquisition, the acquired entity contributed a £72,000 profit to the profit attributable to equity shareholders of the Group.

The table below summarises the book values of the major categories of assets and liabilities of Oxford International Publishers Limited t/a Berg Publishers at the date of acquisition by the Group and their fair values included in the consolidated financial statements at that date.

	Book value £'000	Fair value adjustments £'000	Total fair value to the Group £'000
Net assets acquired:			
Identifiable intangible assets	–	898	898
Property, plant and equipment	18	–	18
Inventories	360	(106)	254
Trade and other receivables	475	(39)	436
Cash and cash equivalents	25	–	25
Deferred tax asset/(liability)	–	(44)	(44)
Payables and provisions	(689)	–	(689)
	189	709	898
Goodwill			1,194
Consideration			2,092
Consideration satisfied by:			
Cash			1,826
Shares			199
Costs			67
			2,092
Net cash outflow arising on acquisition:			
Cash consideration			1,826
Cash acquired			(25)
			1,801

Identifiable intangible assets of £898,000 consist of the following: imprints and series names of £358,000, publishing rights of £212,000, subscriber relationships of £187,000 and order backlog of £141,000. Imprints have a useful life of twenty years, publishing rights eight years, subscriber relationships fifteen years and order backlog three years.

A deferred tax liability of £251,000 has been provided against these intangible assets. Although this liability has been recognised in accordance with IAS 12 and a proportion will be amortised to the income statement as the related intangible asset is amortised, this liability is only payable if the intangible asset is sold separately and this is not expected to happen.

A deferred tax asset of £207,000 has also been recognised in accordance with IAS 12 with respect to historical trading losses. £150,000 relates to Oxford International Publishers Limited t/a Berg Publishers and £57,000 to Berg Fashion Library Limited.

The goodwill is attributable to the expected profitability of the acquired business and the synergies expected to arise after the acquisition. The results of the acquired entity have been consolidated in the income statement from the date of acquisition. From the date of acquisition, the acquired entity contributed a £48,000 profit to the profit attributable to equity shareholders of the Group.

The table below summarises the book values of the major categories of assets and liabilities of John Wisden (Holdings) Limited at the date of acquisition by the Group and their fair values included in the consolidated financial statements at that date.

	Book value £'000	Fair value adjustments £'000	Total fair value to the Group £'000
Net assets acquired:			
Identifiable intangible assets	7	1,505	1,512
Property, plant and equipment	23	–	23
Inventories	67	–	67
Trade and other receivables	104	(62)	42
Cash and cash equivalents	174	–	174
Deferred tax asset/(liability)	10	(421)	(411)
Payables and provisions	(121)	–	(121)
	264	1,022	1,286
Goodwill			1,556
Consideration			2,842
Consideration satisfied by:			
Cash			2,799
Costs			43
			2,842
Net cash outflow arising on acquisition:			
Cash consideration			2,799
Cash acquired			(174)
			2,625

Identifiable intangible assets of £1,505,000 consist entirely of imprints and series names. Imprints and series names have a useful life of thirty years.

A deferred tax liability of £421,000 has been provided against these intangible assets. Although this liability has been recognised in accordance with IAS 12 and a proportion will be amortised to the income statement as the related intangible asset is amortised, this liability is only payable if the intangible asset is sold separately and this is not expected to happen.

The goodwill is attributable to the expected profitability of the acquired business and the synergies expected to arise after the acquisition. The results of the acquired entity have been consolidated in the income statement from the date of acquisition. From the date of acquisition, the acquired entity contributed a £17,000 loss to the profit attributable to equity shareholders of the Group.

The table below summarises the book values of the major categories of assets and liabilities of Arden Shakespeare at the date of acquisition by the Group and their fair values included in the consolidated financial statements at that date.

	Book value £'000	Fair value adjustments £'000	Total fair value to the Group £'000
Net assets acquired:			
Identifiable intangible assets	–	1,602	1,602
Inventories	258	(142)	116
Deferred tax asset/(liability)	–	(449)	(449)
	258	1,011	1,269
Goodwill			509
Consideration			1,778
Consideration satisfied by:			
Cash			1,750
Costs			28
			1,778
Net cash outflow arising on acquisition:			
Cash consideration			1,750
Cash acquired			–
			1,750

Identifiable intangible assets of £1,602,000 consist of the following: £257,000 of imprints and series names and £1,345,000 of publishing rights. Imprints and series names have a useful life of thirty years and publishing rights twenty years.

A deferred tax liability of £449,000 has been provided against these intangible assets. Although this liability has been recognised in accordance with IAS 12 and a proportion will be amortised to the income statement as the related intangible asset is amortised, this liability is only payable if the intangible asset is sold separately and this is not expected to happen.

The goodwill is attributable to the expected profitability of the acquired business and the synergies expected to arise after the acquisition.

The following pro forma summary presents the Group as if Featherstone Education Limited, Oxford International Publishers Limited t/a Berg Publishers, John Wisden (Holdings) Limited and the net assets of Arden Shakespeare were acquired on 1 January 2008.

The pro forma amounts do not include any possible synergies from these acquisitions. 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.

	2008 £'000
Revenue	102,306
Profit attributable to equity shareholders	7,958

The carrying amount of the Group's goodwill relates to the following geographical segments:

	2008 £'000	2007 £'000
United Kingdom	17,109	13,510
North America	3,651	2,714
Continental Europe	1,699	1,255
At 31 December	22,459	17,479

In testing goodwill for impairment, the recoverable amount of each geographical segment's assets is calculated on the basis of future cash flows, whilst also taking into account past performance for well established operations, such as in the United Kingdom. The operating performance of each segment is based on the Board's approved budgets for the year ending 31 December 2009 for all segments and extrapolated forecasts for subsequent years up to 2018 for Continental Europe and up to 2028 for North America and the United Kingdom.

Forecasts greater than five years can be justified on the basis that the remaining carrying value of goodwill largely relates to acquired business units which have been established for over one hundred years. This is further supported by the recent valuations which were required to be undertaken as a result of the acquisitions made during the year, useful lives of separately identifiable intangibles acquired on acquisition have been assessed as greater than twenty years.

The following key assumptions in the value in use calculations were applied to each geographical segment:

- The discount rate used was 6% for the United Kingdom, North America and Continental Europe. This is justified, as although current interest rates have fallen, the recessionary environment has increased commercial risk.
- Gross margins have been based on historic performance and have been applied on a consistent basis to future projections.
- The budgeted revenue and cost increases were based on the Group's approved budgets.
- Forecast revenue and cost increases for subsequent years were based on growth rates applied to approved budgets of one year and other factors which management consider should be taken into account, such as growth in the backlist revenues, development of new revenue streams within each geographical segment and cost savings following ongoing operational reviews, as follows:

	United Kingdom	North America	Continental Europe
Revenue growth after 2009	4.0%	8.0%	9.0% - 10.0%
Overhead growth after 2009	4.0% - 11.0%	8.0%	4.0% - 10.0%

The directors feel the growth rates, although higher than industry averages, are justifiable on the basis of past performance and history of growth in the Group.

Management is of the opinion that it does not currently foresee a reasonably possible change in the key assumptions it has employed when determining the value in use calculations that would cause the carrying value of any segment to exceed its recoverable amount.

10. Investments in subsidiary companies

The Company	2008 £'000	2007 £'000
Cost		
Investments in share capital of wholly owned subsidiaries at cost:		
At 1 January	29,067	25,448
Additions	13,954	3,619
At 31 December	43,021	29,067

Impairment		
At 1 January	–	–
Charge for the year	8,719	–
At 31 December	8,719	–

Carrying amount:		
At 31 December	34,302	29,067
At 1 January	29,067	25,448

The additions represent additional investment of £13,954,000 in Bloomsbury Publishing Inc as inter-company loan capitalisation. The additions in 2007 represented additional investment of £3,619,000 in Berlin Verlag as inter-company loan capitalisation.

An impairment review assessing the carrying value of the investments has been carried out and the investment in Bloomsbury Publishing Inc has been written down by £8,683,000. The carrying value of the investment was assessed by considering the expected discounted cash flows of the investment to 2022 using a discount rate of 6%. In addition £36,000 investment in Writer's Cafe, Inc. has been written off.

The subsidiary companies at 31 December 2008 are as follows:

	Country of incorporation	Proportion of equity capital held	Nature of business during the year
Subsidiary undertakings held directly:			
A. & C. Black Plc	England	100%	Intermediate holding company
Bloomsbury Publishing Inc (formerly Diana Publishing Inc)	USA	100%	Publishing
BV Berlin Verlag GmbH	Germany	100%	Publishing
Peter Collin Publishing Limited	England	100%	Non-trading
Bloomsbury Book Publishing Company Limited	England	100%	Non-trading
Bloomsbury Information Limited	England	100%	Publishing
Writer's Cafe, Inc.	USA	51%	Non-trading
Subsidiary undertakings held through a subsidiary company:			
BvT Berliner Taschenbuch Verlag GmbH	Germany	100%	Non-trading
A. & C. Black Publishers Limited	England	100%	Publishing
A. & C. Black (Storage) Limited	England	100%	Non-trading
A. & C. Black (Distribution) Limited	England	100%	Non-trading
Christopher Helm (Publishers) Limited	England	100%	Publishing
Reed's Almanac Limited	England	100%	Non-trading
Herbert Press Limited	England	100%	Non-trading
Alphabooks Limited	England	100%	Non-trading
Nautical Publishing Company Limited	England	100%	Non-trading
F. Lewis, (Publishers), Limited	England	100%	Non-trading
Adlard Coles Limited	England	100%	Non-trading
Methuen Drama Limited	England	100%	Non-trading
My Marina Limited	England	100%	Non-trading
Featherstone Education Limited	England	100%	Non-trading
Oxford International Publishers Limited t/a Berg Publishers	England	100%	Publishing
Berg Fashion Library Limited	England	100%	Publishing
John Wisden (Holdings) Limited	England	100%	Non-trading
John Wisden & Co Limited	England	100%	Non-trading
Wisden Online Limited	England	100%	Non-trading
Walker Publishing Company, Inc.	USA	100%	Publishing

11. Deferred tax

The deferred tax assets are included at current tax rates and comprise the following:

The Group	Tax losses carried forward £'000	Property, plant and equipment temporary differences £'000	Short term temporary differences £'000	Total £'000
At 1 January 2007	964	23	677	1,664
Credit/(charge) for the year	(408)	15	385	(8)
Exchange differences	57	–	–	57
At 31 December 2007	613	38	1,062	1,713
Credit/(charge) for the year	(32)	30	(433)	(435)
Exchange differences	210	–	312	522
Subsidiaries acquired	229	–	(1,328)	(1,099)
At 31 December 2008	1,020	68	(387)	701

The Company	Tax losses carried forward £'000	Fixed asset temporary differences £'000	Short term temporary differences £'000	Total £'000
At 1 January 2007	1	(20)	324	305
Charge for the year	(1)	(5)	(38)	(44)
At 31 December 2007	–	(25)	286	261
Credit for the year	–	33	15	48
At 31 December 2008	–	8	301	309

A deferred tax asset has been recognised in respect of the amount of the tax losses of BV Berlin Verlag GmbH and Diana Publishing Inc, which the Group's projections indicate will be recovered within three years of the balance sheet date.

The analysis for financial reporting purposes is as follows:

	The Group		The Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Deferred tax assets	2,152	1,848	309	261
Deferred tax liabilities	(1,451)	(135)	–	–
	701	1,713	309	261

The Group and the Company had deferred tax assets not recognised in the accounts as follows:

	The Group		The Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Tax losses carried forward	1,031	848	–	–
Short term temporary differences	–	–	–	–
	1,031	848	–	–

These deferred tax assets are recoverable against available taxable profits of the same type or from the same trades in future years. They have not been recognised in the accounts as recovery is not certain.

The gross tax loss on which no deferred asset has been recognised was £2,580,000 (2007, £2,100,000). This relates to US tax losses that can be carried forward for twenty years.

12. Inventories

	The Group		The Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Raw materials	258	410	19	23
Work in progress	3,347	3,053	620	1,123
Finished goods for resale	12,984	10,943	1,696	2,001
	16,589	14,406	2,335	3,147

Included above are work in progress of £nil (2007, £nil) and finished goods of £3,597,000 (2007, £4,025,000) carried at net realisable value for the Group and for the Company £78,000 (2007, £115,000). The amount included in cost of sales relating to the inventory provision and write down recognised as an expense is £5,089,000 (2007, £7,239,000) for the Group and £1,913,000 (2007, £4,485,000) for the Company. The amount included in cost of sales relating to the cost of inventories sold is £16,825,000 (2007, £21,556,000) for the Group and for the Company £7,588,000 (2007, £13,403,000).

13. Trade and other receivables

	The Group		The Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	22,939	47,531	11,671	36,716
Amounts owed by Group undertakings	–	–	7,735	7,784
Income tax recoverable	–	–	223	–
Other receivables	334	777	165	525
Prepayments and accrued income	23,212	24,448	7,787	10,818
	46,485	72,756	27,581	55,843
Amounts falling due after more than one year:				
Amounts owed by Group undertakings	–	–	2,210	14,899
Prepayments and accrued income	2,497	3,457	2,497	3,457
	48,982	76,213	32,288	74,199

The amounts falling due after more than one year owed by Group undertakings represent loan balances due from the US subsidiary, which are technically repayable on demand. However there is no intention to demand repayment of the loans within the next twelve months. During the year £13,954,000 of the US loan was capitalised as the Company's cost of investment before investment impairment, as set out in note 10.

Trade receivables comprise amounts receivable from the sale of books. Payments are received on the basis of contracted payment terms with the distributors and for co-editions according to contractual agreements. At 31 December 2008 the average number of days' credit taken for sales of books by the Group was 106 days (2007, 126 days), and the average number of days' credit taken by the Company was 43 days (2007, 130 days). The difference in the number of days was due to the timing of distributor payments at the year end. The majority of trade receivables are secured by credit insurance, third party distributors and letters of credit. At the year end an allowance has been made for estimated irrecoverable amounts from the sale of goods of £807,000 (2007, £287,000) by the Group and of £476,000 (2007, £89,000) by the Company. This allowance has been made by reference to specific debts, past default experience, trading history and the current economic environment. The increase in the year-end provision on trade receivables since 31 December 2007 was £520,000 (2007, £97,000) for the Group and £387,000 (2007, £84,000) for the Company.

As books are returnable by customers, the Group makes a provision against books sold in the accounting period which is then carried forward in trade receivables in the balance sheet in anticipation of book returns received subsequent to the year end. At the end of 2007 there were outstanding receivables relating to the sale of *Harry Potter and the Deathly Hallows*, which was published during that year and cash was received during 2008. A provision for the Group of £7.78m (2007, £13.03m) at margin for future returns relating to 2008 and prior sales has been included in trade receivables in the balance sheet at 31 December 2008. This included a provision for the Company of £3.04m (2007, £8.40m).

The Group makes a provision against published titles advances which may not be covered by anticipated future sales, paperback editions or contracts for subsidiary rights receivable. At the end of each financial year a review is carried out on all published titles advances. If it is unlikely that royalties from future sales, paperback sales or subsidiary rights will fully earn down the advance, a provision is made to the income statement for the difference between the carrying value and the anticipated recoverable amount from future earnings (the "advance provision"). The advance provision for the Group has been increased by £9.1m since 31 December 2007 (year to 31 December 2007, £9.2m). The provision for the Company has been increased by £6.3m (year to 31 December 2007, £7.2m). The net advance is included within prepayments and accrued income. Within the increased provision for advances of £9.1m made during the year is an additional amount taken on the basis that in light of the current economic climate management does not consider those amounts to be recoverable. The value of the additional write off is £5.4m. In addition to books returned by customers during 2008, there was a write-back in the returns provision relating to a provision brought forward from 2007 which, as a result of the level of returns actually received during the year, is no longer required. The value of the write back to the Income Statement is £5.1m.

14. Equity share capital

	2008 £'000	2007 £'000
Authorised:		
92,000,000 Ordinary Shares of 1.25p each (2007, 92,000,000 Ordinary Shares of 1.25p each)	1,150	1,150
Allotted, called up and fully paid:		
73,683,623 Ordinary Shares of 1.25p each (2007, 73,561,799 Ordinary Shares of 1.25p each)	922	920

Movements in the allotted share capital during the year are:

	2008 Number	2008 £'000	2007 Number	2007 £'000
At 1 January	73,561,799	920	73,402,571	918
Share options exercised	–	–	159,228	2
Shares allotted	121,824	2	–	–
At 31 December	73,683,623	922	73,561,799	920

The consideration receivable by the Company for the share options exercised during the year was £nil (2007, £278,000).

As at 31 December 2008, 707,398 options had been granted and were still outstanding in respect of Ordinary Shares under the following Approved and Unapproved Share Option Schemes:

	No. of shares	Subscription price	Exercisable
1994 Approved Executive Share Option Scheme	17,354	173.75p	2003 – 2010
1994 Approved Executive Share Option Scheme	84,240	220.25p	2003 – 2010
1994 Approved Executive Share Option Scheme	46,116	175.50p	2004 – 2011
1994 Approved Executive Share Option Scheme	48,688	179.75p	2004 – 2011
1994 Approved Executive Share Option Scheme	22,000	143.50p	2005 – 2012
1994 Approved Executive Share Option Scheme	75,056	178.75p	2006 – 2013
1994 Approved Executive Share Option Scheme	20,000	246.00p	2006 – 2013
1994 Approved Executive Share Option Scheme	58,000	249.50p	2007 – 2014
1994 Unapproved Executive Share Option Scheme	20,000	143.50p	2005 – 2009
1994 Unapproved Executive Share Option Scheme	160,944	178.75p	2006 – 2010
1994 Unapproved Executive Share Option Scheme	80,000	246.00p	2006 – 2010
1994 Unapproved Executive Share Option Scheme	75,000	249.50p	2007 – 2011

At 31 December 2008, 1,804,817 shares had been awarded and were still outstanding under the Group's Performance Share Plans. Subject to the satisfaction of the performance criteria set by the Remuneration Committee, the awards will vest in whole or in part 3 years after the award.

2005 Performance Share Plan	No. of shares	Strike price at award	Date of award
2005 Performance Share Plan	333,375	315.25p	26 October 2006
2005 Performance Share Plan	654,309	181.40p	8 May 2007
2005 Performance Share Plan	817,136	144.50p	12 May 2008

At 31 December 2008, 147,043 options had been granted and were still outstanding under the 2005 Bloomsbury Sharesave Plan.

	No. of shares	Exercise price	Exercisable
2005 Bloomsbury Sharesave Plan	24,250	275.20p	June 2009 – Dec 2009
2005 Bloomsbury Sharesave Plan	29,810	148.20p	June 2010 – Dec 2010
2005 Bloomsbury Sharesave Plan	92,983	115.60p	June 2011 – Dec 2011

At 31 December 2008, 120,000 Share Appreciation rights had been awarded and were still outstanding under the 2006 Share Appreciation Rights Scheme. 26,792 appreciation rights had been awarded and were still outstanding under the 2007 Share Appreciation Rights Scheme. Subject to the satisfaction of an Earnings per Share target pre-condition, these awards will be exercisable for a period of four years following the vesting date.

	No. of appreciation rights	Base price of award	Exercisable
2006 Share Appreciation Rights Scheme	40,000	249.50p	Mar 2007 – Mar 2011
2006 Share Appreciation Rights Scheme	40,000	337.90p	Nov 2008 – Nov 2012
2006 Share Appreciation Rights Scheme	40,000	315.25p	Oct 2009 – Oct 2013
2007 Share Appreciation Rights Scheme	26,792	173.75p	Jun 2010 – Jun 2014

At 31 December 2008, 88,760 Unapproved Employee Share Options had been awarded and were still outstanding under the 2007 Unapproved Employee Share Option Scheme. Subject to the achievement of satisfaction of performance conditions set by the Remuneration Committee the awards are generally exercisable over a three year period.

	No. of shares	Subscription price	Exercisable
2007 Unapproved Employee Share Option Scheme	72,760	220.25p	2007 – 2010
2007 Unapproved Employee Share Option Scheme	16,000	175.50p	2007 – 2011

15. Non-current liabilities

The employee benefits liability represents the deficit on the defined benefit pension scheme of a subsidiary company. Further details of the scheme are shown in note 4.

The other payables represent authors' share of rights receivable falling due after more than one year.

16. Trade and other payables

	The Group		The Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Amounts falling due within one year:				
Trade payables	6,619	6,415	2,996	3,150
Amounts owed to Group undertakings	–	–	512	1,052
Taxation and social security	312	312	194	211
Other payables	1,666	2,084	1,110	699
Accruals	22,657	46,218	17,726	41,742
Deferred income	1,349	823	–	–
	32,603	55,852	22,538	46,854

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. At 31 December 2008 the average number of days' credit taken for purchases by the Group was 51 days (2007, 42 days).

17. Lease obligations

The Group as a lessee:

	2008 £'000	2007 £'000
Payments under operating leases recognised as expense for the period	1,328	1,511

At 31 December 2008 the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2008 £'000	2007 £'000
Within one year	977	957
Between one and five years	831	1,703
	1,808	2,660

The operating leases represent rentals payable by the Group for certain office properties, vehicles and equipment. The lease terms over properties are for an average of four years. The operating leases over vehicles are in respect of company cars driven by certain employees. The lease terms are for an average of three years. The operating leases over equipment are in respect of office equipment. The lease terms are for an average of three years.

The Group as a lessor:

Property rental income earned during the year was £43,000 (2007, £80,000).

At 31 December 2008 the Group had contracts with tenants for the following future minimum lease payments receivable:

	2008 £'000	2007 £'000
Within one year	–	14
	–	14

18. Share-based payments

The Company operates five equity-settled share-based payment arrangements, namely the two executive share option schemes, the performance share plan, the sharesave scheme and a share appreciation rights scheme. For the year ended 31 December 2008 the Group recognised total expenses related to equity-settled share-based payment transactions since 7 November 2002 of £191,000 (2007, £1,010,000).

The 1994 Approved and Unapproved Executive Share Option Schemes ("the Schemes")

Under the rules of the Schemes the exercise price on the date of grant of options has not been less than the higher of the nominal value of an Ordinary Share and the average middle market quotation of an Ordinary Share for the three dealing days immediately preceding the offer of options under the Schemes. The vesting period has generally been three years and subject to the achievement of Earnings Per Share performance conditions (see Remuneration Report on page 44) set by the Remuneration Committee. If an option remains unexercised after a period of ten years (Approved) or seven years (Unapproved) from the date of grant, the options will expire. Furthermore, except in certain circumstances, options lapse if the employee leaves the Group. No options have been granted under the Schemes since 2004.

	Options 2008 Number	Weighted average exercise price 2008 (Pence)	Options 2007 Number	Weighted average exercise price 2007 (Pence)
Outstanding at 1 January	824,518	201.59	1,362,076	202.08
Exercised during the year	–	–	(159,228)	174.10
Expired during the year	(117,120)	178.70	(378,330)	216.96
Outstanding at 31 December	707,398	204.70	824,518	201.59
Exercisable at 31 December	42,000	143.50	785,738	201.59

The options outstanding at 31 December 2008 had a weighted average contractual life of 2 years and 9 months (2007, three years and five months).

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

Under the rules of the PSP Plan, awards of fully paid Ordinary Shares are granted for nil consideration by the Remuneration Committee. For the purposes of determining the number of Ordinary Shares comprised in an award, the value of a share shall be equal to either the average middle-market price of the Ordinary Share for the five dealing days immediately preceding the award date or the middle-market price on the dealing day before the award date. The vesting period is generally three years and the level of vesting is subject to the achievement of Earnings Per Share ("EPS") and Total Shareholder Return ("TSR") performance conditions (see Remuneration Report on page 44) set by the Remuneration Committee. Except in certain circumstances, awards lapse if the employee leaves the Group.

No awards were made under the PSP Plan prior to 4 November 2005.

	Conditional Awards 2008 Number	Conditional Awards 2007 Number
Outstanding at 1 January	1,557,403	911,576
Granted during the year	829,000	769,484
Lapsed or forfeited during the year	(581,586)	(123,657)
Outstanding at 31 December	1,804,817	1,557,403
Exercisable at 31 December	–	–

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

Date of grant	12 May 2008	
Performance condition	Increase in EPS over RPI	Total Shareholder Return
Share price	146p	146p
Volatility	n/a	34.7%
Performance condition discount	n/a	n/a
Risk Free Interest Rate	n/a	4.3%
Fair Value charge per award	£1.46	£0.856

For all awards made under the PSP Plan to date, vesting is on the third anniversary of grant, a three year expected life has been assumed. The expected volatility was based on Bloomsbury's share price volatility over the period prior to grant equal in length to the expected three year life. Half of any award is subject to an EPS performance condition (which is not factored into the valuation) and the other half is subject to a Total Shareholder Return condition whereby performance is compared to the FTSE Mid 250 companies (excluding Investment Trusts) over a three year period from the date of grant, with 35% of shares subject to this performance condition vesting for a median ranking rising to 100% for an upper quartile ranking. The discount for this TSR condition is calculated at the date of grant using the "Monte-Carlo" model.

Bloomsbury Sharesave Plan 2005

The Company 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, five or seven 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 employees based in the UK. No awards were made under the Sharesave Plan prior to 5 May 2006.

	Sharesave options 2008 Number	Weighted average exercise price 2008 pence	Sharesave options 2007 Number	Weighted average exercise price 2007 pence
Outstanding at 1 January	136,098	192.32	112,139	275.2
Granted during the year	92,983	144.50	100,118	148.2
Lapsed or forfeited during the year	(82,038)	183.85	(73,441)	257.2
Outstanding at 31 December	147,043	148.53	136,098	192.32
Exercisable at 31 December	–	–	5,838	–

The outstanding Sharesave options at 31 December 2008 had a weighted average remaining contractual life of two years and 4 months (2007, two years and six months).

The inputs into the Black-Scholes model used by our remuneration consultants, New Bridge Street Consultants, are as follows:

Date of grant	5 June 2008
Expected life (years)	3.25
Share price	139.25
Exercise price	115.6p
Expected volatility	34.5%
Expected dividend yield	2.9%
Risk free interest rate	5.0%
Fair value charge per award	£0.44

A period of six years was assumed for the expected life, being the average term as demonstrated in extensive exercise modelling conducted by New Bridge Street Consultants for their clients. The expected volatility was based on Bloomsbury's share price volatility over the period prior to grant equal in length to the expected six year life.

2006 Share Appreciation Rights Scheme ("The SAR Scheme")

During 2006 the Company introduced an equity-settled share appreciation rights scheme. Under the rules of the SAR Scheme, a participant, in respect of the number of shares set out in an award, will be granted the right to acquire for nominal value a number of ordinary shares in the Company with a value equal to the gain in excess of the exercise price of the award up to the market value of Bloomsbury's ordinary shares on the date of exercise. An award becomes exercisable for a period of up to four years after the vesting date but only if at the date of exercise the Earnings per Share pre-condition is satisfied. Any right not exercised at the end of the relevant exercise period will lapse.

No awards were made under the SAR Scheme prior to 17 November 2006.

	SAR Scheme Awards 2008 Number	Weighted average exercise price 2008 Pence	SAR Scheme Awards 2007 Number	Weighted average exercise price 2007 Pence
Outstanding at 1 January	146,792	277.68	120,000	300.88
Granted during the year	–	–	26,792	173.75
Outstanding at 31 December	146,792	277.68	146,792	277.68
Exercisable at 31 December	–	–	66,792	219.11

The SAR Scheme awards outstanding at 31 December 2008 had a weighted average contractual life of three years and two months (2007, four years and six months).

2007 Unapproved Employee Share Option Scheme ("the 2007 ESOS")

During the year the Company introduced an unapproved employee share option scheme to be funded from shares purchased by the Company in the market. Under the rules of the 2007 ESOS, a participant will be able to exercise the options at an option price agreed at the grant date. The awards have generally been exercisable up to 3 years from the date of grant and subject to the achievement of performance conditions set by the Remuneration Committee. No Awards were made prior to 18 December 2007.

	2007 ESOS Scheme Awards 2008 Number	Weighted average exercise price 2008 Pence	2007 ESOS Scheme Awards 2007 Number	Weighted average exercise price 2007 Pence
Outstanding at 1 January	88,760	212.18	–	
Granted during the year	–	–	88,760	212.18
Lapsed or forfeited during the year	–	–	–	–
Exercised during the year	–	–	–	–
Expired during the year	–	–	–	–
Outstanding at 31 December	88,760	212.18	88,760	212.18
Exercisable at 31 December	–	–	88,760	212.18

The 2007 ESOS Scheme awards outstanding at 31 December 2008 had a weighted average contractual life of one year and ten months (2007, two years and ten months).

The Bloomsbury Employee Benefit Trust 2005 ("the EBT")

Set up in 2005, the EBT is a discretionary trust of which all employees of the Group are potential beneficiaries. The trustee is independent of the Company. Its main purpose is to operate with the Company's share schemes, in particular with the PSP Plan. While the trustee has power to subscribe for Ordinary Shares and acquire Ordinary Shares in the market or from treasury, it is not permitted to hold more than five per cent of the Company's issued share capital without prior approval of the shareholders. At 31 December 2008 the trust held £116 in cash and 88,760 of ordinary shares of 1.25p each, purchased during 2008 for £134,000. The results and net assets of the EBT are included in the financial statements of the Group. The market value of the 88,760 shares at 31 December 2008 was £141,794.

19. Commitments and contingent liabilities

The Group is committed to paying royalty advances to authors under publishing contracts during subsequent financial years. At 31 December 2008 this commitment amounted to £17,102,000 (2007, £18,884,000).

20. Post balance sheet events

The Directors propose that a final dividend of 3.47 pence per share (2007, 3.30 pence per share) will be paid to the equity shareholders on 1 July 2009 to Ordinary Shareholders on the register at close of business on 22 May 2009. Based on the number of shares currently in issue, the final dividend will be £2,557,000 (2007, £2,428,000). This dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

21. Parent Company result

The Company has taken an advantage of the exemption available under Section 230 of the Companies Act 1985 not to present the Company income statement. The Company's loss for the year was £2,972,000 (2007, profit £12,878,000). This is after impairment of investment in Bloomsbury Publishing Inc of £8,683,000 (2007, £nil) as a result of impairment review (note 10).

22. Financial instruments and risk summary

Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

1. Capital risk management
2. Market risk
3. Credit risk
4. Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's management of capital and the Group's objectives, policies and procedures for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Board has approved the Group Treasury policies and procedures by which the Group Treasury function is to be managed, headed by the Group Finance Director and part of Bloomsbury's Finance Department, it operates under a delegated authority from the Board.

As the Company is responsible for managing the Group's Treasury function, the same polices and procedures are also adhered to in the managing of its own function.

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 policies are reviewed at least on an annual basis by the Group Finance Director and any amendments approved by the Board. The Board is assisted in its oversight role by Internal Audit, who undertake regular reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

1. Capital risk 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 2007.

The capital structure of the Group comprises cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity and note 14.

Categories of financial instruments

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policies.

		Group		Company	
		2008	2007	2008	2007
	Note	£'000	£'000	£'000	£'000
Loans and receivables					
Trade receivables	13	22,939	47,531	11,671	36,716
Amounts owed by Group undertakings	13	–	–	9,945	22,683
Rights income receivable	13	1,631	1,167	1,260	1,028
Cash and cash equivalents		51,908	47,558	47,859	42,438
Total financial assets		76,478	96,256	70,735	102,865
Trade payables	16	6,619	6,415	2,996	3,150
Other payables	16	1,666	2,084	1,110	699
Accruals	16	22,657	46,218	17,726	41,742
Amounts owed to Group undertakings	16	–	–	512	1,052
Other payables due after one year	16	558	390	558	390
Total financial liabilities, measured at amortised cost*		31,500	55,107	22,902	47,033
Net financial instruments		44,978	41,149	47,833	55,832

*These amounts also represent the contractual cash payments due.

2. Market risk

Market risk is the risk that changes in the 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 on risk.

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 does not use derivative contracts for speculative purposes.

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 managements, as well as polices covering specific areas, such as funding, foreign exchange risk, interest rate risk, credit risk and investments of excess liquidity.

(i) Interest rate risk

The Group has significant interest bearing assets in the form of cash and cash equivalents as such cash flows are dependent of changes in market interest rates.

The Group maintains a low risk stance to investing cash surplus balances and does not allow speculative trading or investment and invests surplus funds only in investments that meet certain criteria which includes the following:

- Meet the permitted rating requirements issued by a recognised rating agency
- Investing utilising permitted instruments as authorised by the Board
- Are held at a permitted institution
- Have a defined maximum maturity date which is no longer than twelve months unless a UK Government bond
- Are denominated in sterling, Euro or USD
- Pay interest at a fixed, floating, or discount rate
- Are within preferred concentration limits

The Group has financial assets comprising cash and short-term deposits of £51,908,000 at 31 December 2008 (2007, £47,558,000). The Company has financial assets comprising cash and short-term deposits of £47,859,000 at 31 December 2008 (2007, £42,438,000). Short-term deposits are at fixed rates, and the maturity terms range between one day and one year. The average rate of interest on cash deposits for the Group and the Company during the year ended 31 December 2008 was 5.5% (2007, 5.7%).

The Group had no borrowings at 31 December 2008 and 31 December 2007.

Interest rate sensitivity analysis

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:

	2008 £'000	2007 £'000
Impact on equity		
2% increase in base rate of interest	1,038	951
2% decrease in base rate of interest	(1,038)	(951)
Impact on profit or loss		
2% increase in base rate of interest	1,038	951
2% decrease in base rate of interest	(1,038)	(951)

(ii) Currency risk

The Company believes in its current circumstances that 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 are matched by expenditure in the same local currency creating some degree of natural hedging.

Of the Group's total financial assets of £76,478,000 (2007, £96,256,000), comprising certain receivables as above and cash, £5,770,000 is denominated in US dollars (2007, £2,986,000) and £1,512,000 is denominated in euros (2007, £5,457,000). Of the Group's total financial liabilities of £31,500,000 (2007, £55,107,000), £1,786,000 is denominated in US dollars (2007, £3,332,000) and £2,453,000 is denominated in euros (2007, £2,330,000).

Of the Company's total financial assets of £70,735,000 (2007, £102,865), comprising certain receivables as above and cash, £688,000 is denominated in US dollars (2007, £482,000) and £452,000 is denominated in euros (2007, £438,000). Of the Company's total financial liabilities of £22,902,000 (2007, £47,033,000) £265,000 is denominated in US dollars (2007, £318,000) and £109,000 is denominated in euros (2007, £52,000).

No financial assets or liabilities are denominated in currencies other than sterling, US dollars and euro.

Foreign currency sensitivity analysis

The Group derived the following sensitivities based on the foreign currency denominated financial assets and liabilities at the year end. The percentage has been determined based on the effect of the market volatility in exchange rates between the current and previous year end.

	2008 £'000	2007 £'000
Impact on equity		
30% increase in US dollar fx rate against pound sterling	(922)	80
30% decrease in US dollar fx rate against pound sterling	922	(80)
30% increase in Euro fx rate against pound sterling	(353)	(1,264)
30% decrease in Euro fx rate against pound sterling	353	1,264
Impact on profit or loss		
30% increase in US dollar fx rate against pound sterling	(98)	(38)
30% decrease in US dollar fx rate against pound sterling	98	38
30% increase in Euro fx rate against pound sterling	(80)	(89)
30% decrease in Euro fx rate against pound sterling	80	89

3. Credit risk
The Group's credit risk is primarily attributable to its trade receivables of £22,939,000 (2007, £47,531,000) and rights income receivable of £1,631,000 (2007, £1,167,000), the majority of which is secured by credit insurance, third party distributors and letters of credit. The Company's credit risk is primarily attributable to its trade receivables of £11,671,000 (2007, £36,716,000) and rights income receivable of £1,260,000 (2007, £1,028,000), the majority of which is secured by credit insurance, third party distributor and letters of credit. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on the trading experience and the current economic environment. The movement in the allowance during the year is shown in note 13.

The majority of trade receivables is due on the basis of set contracted payment terms with the distributors and co-edition contractual agreements and therefore falls within due dates.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Group's maximum exposure to credit risk, including trade receivables, rights income receivable and cash, is £76,478,000 (2007, £96,256,000). The Company's maximum exposure to credit risk, including trade receivables, amounts owed by Group undertakings, rights income receivable and cash, is £70,735,000 (2007, £102,865,000).

4. Liquidity Risk
The Directors do not consider that the Group currently has an exposure to liquidity risk, as the Group has no borrowing and has sufficient cash deposits to meet its debts as they fall due for the foreseeable future.

Fair value of financial instruments
There is no material difference between the fair value and book value of financial assets and liabilities.

23. Related party transactions

Trading transactions
During the year the Company entered into the following transactions and had the following balances with its subsidiaries:

	2008 £'000	2007 £'000
Commission payable	213	911
Interest receivable	440	1,030
Amounts owed by subsidiaries at year end	9,945	22,683
Amounts owed to subsidiaries at year end	512	1,052
Inter-company loan capitalisation	13,954	3,619

Purchases of goods and commission payable were based on the Group's usual list prices. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by subsidiaries.

Remuneration of key management personnel
The remuneration of the key management personnel, which comprises the Board and other Directors who are actively involved in strategic decision making, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the auditable part of the Directors' Remuneration Report on pages 42 to 44.

	2008 £'000	2007 £'000
Short-term employee benefits	3,712	3,237
Post-employment benefits	137	177
Termination benefits	–	110
Share-based payments	122	703
	3,971	4,227

Directors, Secretary and Advisers

Directors:	J J O'B Wilson - Non-executive Chairman J N Newton C R Adams ACA R D P Charkin C A A Black (Senior Non-executive and Vice Chairman) M J Mayer (Non-executive)
Secretary:	I J Portal FCIS
Registered Office:	36 Soho Square London W1D 3QY 020 7494 2111
Registered number:	1984336 (England & Wales)
Auditors:	Baker Tilly UK Audit LLP 2 Bloomsbury Street London WC1B 3ST
Bankers:	The Royal Bank of Scotland Plc 280 Bishopsgate, London EC2M 4RB
Stockbrokers and Financial Advisers:	Investec Investment Banking 2 Gresham Street London EC2V 7QP
Merchant Bankers:	Investec Investment Banking 2 Gresham Street London EC2V 7QP
Solicitors:	Reynolds Porter Chamberlain LLP Tower Bridge House, St Katherine's Way London E1W 1AA Steinfeld Law 22 Manchester Square London W1U 3PT
Registrars:	Capita Registrars Limited The Registry, 34 Beckenham Road Beckenham Kent BR3 4TU

Financial Calendar

Annual General Meeting	29 May 2009

Results

Announcement of half year results to 30 June 2009	27 August 2009
Announcement of annual results to 31 December 2009	March/April 2010

Dividend

Final dividend	– 2008	1 July 2009
Interim dividend	– 2009	November 2009
Final dividend	– 2009	July 2010

Share Price and Investor Information

Bloomsbury's share price is quoted in the Financial Times, the Times, the Daily Telegraph and the Evening Standard, and is also available on the Financial Times Cityline telephone service (0906 843 4444) charged at premium call rates. Investor information is also available on the web at www.bloomsbury-ir.co.uk.

Managing your shareholding online

Capita Registrars provides a wide range of online shareholder services through their Share Portal.

Through the Share Portal you will be able to access and maintain your holding at your own convenience, including the ability to:

- View your holdings and indicative share price and valuation;
- View a full transaction audit trail;
- View your dividend history including payment dates;
- Change your address;
- Register and change bank mandate instructions; and
- Contact Capita's specialised shareholder help-line, or submit email enquiries.

Registering to use the Share Portal is easy: simply visit Capita's website at **www.capitaregistrars.com/shareholder**. Either log-in or register as a new user and follow the instructions. To register for the service you will need your Investor Code which is found on your share certificate or dividend voucher.

If you have any queries contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras) or email them at **shareportal@capita.co.uk.**

Shareholder Information

Analysis of Registered Shareholdings at 6 April 2009

Size of shareholding	Number of shareholders	Percentage of total number of shareholders	Number of Ordinary Shares	Percentage of Ordinary Shares
5,000,001 +	2	0.16	10,657,426	14.46
1,000,001 – 5,000,000	21	1.64	35,043,642	47.56
500,001 – 1,000,000	17	1.32	11,787,283	16.00
100,001 – 500,000	50	3.90	10,313,806	14.00
50,001 – 100,000	27	2.10	1,863,665	2.53
10,001 – 50,000	101	7.87	2,357,585	3.20
1 – 10,000	1,065	83.01	1,660,216	2.25
	1,283	100	73,683,623	100

Analysis by number of registered shareholders

Shareholder	Number of shareholders	Percentage of total number of shareholders	Number of Ordinary Shares	Percentage of Ordinary Shares
Institutional shareholders/nominee companies	434	33.83	69,421,524	94.22
Private shareholders	849	66.17	4,262,099	5.78
	1,283	100	73,683,623	100

Notice of Annual General Meeting
Bloomsbury Publishing Plc

Notice is hereby given that the Annual General Meeting of the Company will be held at 36 Soho Square, London, W1D 3QY on 29 May 2009 at 12.00 noon for the following purposes:–

Routine Business

1 To receive the Report of the Directors and the audited accounts for the year ended 31 December 2008.

2 To approve the Directors' Remuneration Report for the year ended 31 December 2008.

3 To declare a final dividend for the year ended 31 December 2008.

4 To re-elect Mr JJO'B Wilson as a Director of the Company.

5 To re-elect Mr CR Adams as a Director of the Company.

6 To reappoint Baker Tilly UK Audit LLP as auditors and to authorise the Directors to fix their remuneration.

Special Business

To consider and, if thought fit, to pass the following resolutions of which resolution 7 will be proposed as an ordinary resolution and resolutions 8 and 9 will be proposed as special resolutions.

7 THAT:–

(a) the Directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 ("the Act") to allot, to such persons and on such terms as they think proper, any relevant securities (as defined in section 80(2) of the Act) of the Company up to a maximum aggregate nominal amount of £228,955 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 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 relevant securities to be allotted after the expiry of such authority and the Directors may allot any relevant securities pursuant to such offer or agreement as if such authority had not expired; and

(b) all prior authorities to allot relevant securities given to the Directors by resolution of the Company be revoked but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.

8 THAT, subject to the passing of resolution 7 referred to in the notice of the Annual General Meeting ("the Notice") at which this resolution is being proposed:–

(a) the Directors be granted power pursuant to section 95 of the Companies Act 1985 ("the Act") to allot equity securities (within the meaning of section 94 of the Act) wholly for cash pursuant to the authority conferred on them by resolution 7 in the Notice as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to:–

(i) the allotment of equity securities, in connection with a rights issue, open offer or otherwise, in favour of holders of Ordinary Shares in the Company ("Ordinary Shares") 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) 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 members of the Company in general meeting;

(iii) the allotment (otherwise than pursuant to paragraphs (i) or (ii) above) of equity securities having a nominal value not exceeding in aggregate £46,052;

and shall expire at the conclusion of the next Annual General Meeting of the Company 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 after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if the power hereby conferred had not expired; and

(b) all prior powers granted under section 95 of the Act be revoked provided that such revocation shall not have retrospective effect.

Notice of Annual General Meeting
Bloomsbury Publishing Plc

9. **THAT** the Company is authorised, pursuant to section 166 of the Companies Act 1985 ("the Act"), to make market purchases (as defined in section 163 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 3,684,181;

(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 Annual General Meeting of the Company to be held in 2010 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.

Dated 21 April 2009

Registered Office:
36 Soho Square
London
W1D 3QY

By order of the Board

Ian Portal FCIS
Company Secretary

Notes:

1 Only the holders of ordinary shares are entitled to attend the meeting and vote. A member entitled to attend and vote may appoint one or more proxies to attend, speak and vote on his behalf. A proxy need not be a member of the Company. A form of proxy is enclosed for your use. Further copies of the form of proxy may be obtained from the registered office of the Company.

2 If a member wishes his proxy to speak on his behalf at the Meeting, he or she will need to appoint his own choice of proxy (who is not the Chairman) and give instructions directly to the proxy. The completion and return of a form of proxy will enable a shareholder to vote at the General Meeting without having to be present at the General Meeting, but will not preclude him or her from attending the General Meeting and voting in person if he or she should subsequently decide to do so.

3 A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please sign and date the form of proxy and attach a schedule listing the names and addresses (in block letters) of all your proxies, the number of shares in respect of which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) and indicating how you wish each proxy to vote or abstain from voting. If you wish to appoint the Chairman as one of your multiple proxies, insert "Chairman of the Meeting" in the box which is used to identify the name of the proxy on the relevant proxy card.

4 To be valid, the enclosed form of proxy must be lodged with the Company's Registrars, Capita Registrars, not later than 48 hours before the time appointed for the holding of the Annual General Meeting.

5 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 6pm on 27 May 2009 will be entitled to attend and vote at the Annual General Meeting 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.

6 Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she, under any such agreement, has a right to give instructions to the shareholder as to the exercise of voting rights.

7 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.

8 Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required 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 Annual General Meeting; 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 Companies Act 2006. 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 Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, 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 Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

9 In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

10 In the case of joint registered holders, the signature of one holder will be accepted and the vote of the senior who tenders a vote, whether in person or proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand on the register of members in respect of the relevant joint holding.

11 Copies of the following documents will be available for inspection at the Company's registered office, 36 Soho Square, W1D 3QY, during usual business hours on any weekday, Saturdays and public holidays excepted, from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the meeting:

- Copies of all service agreements under which Directors of the Company are employed by the Company or any subsidiaries
- Copies of letters of appointment of the non-executive Directors
- A copy of the Articles of Association of the Company.

Shareholder's Notes

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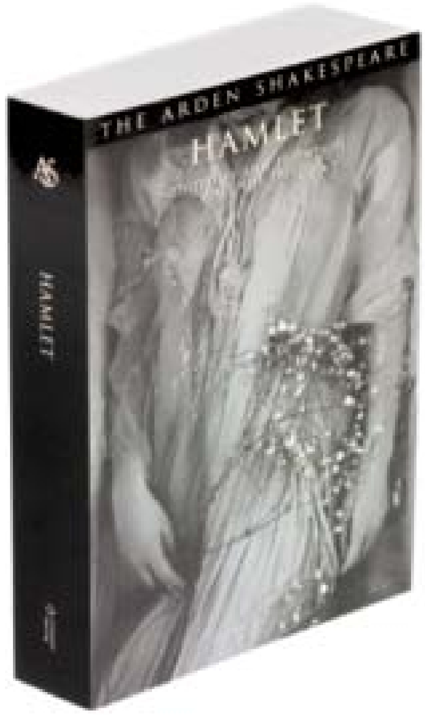
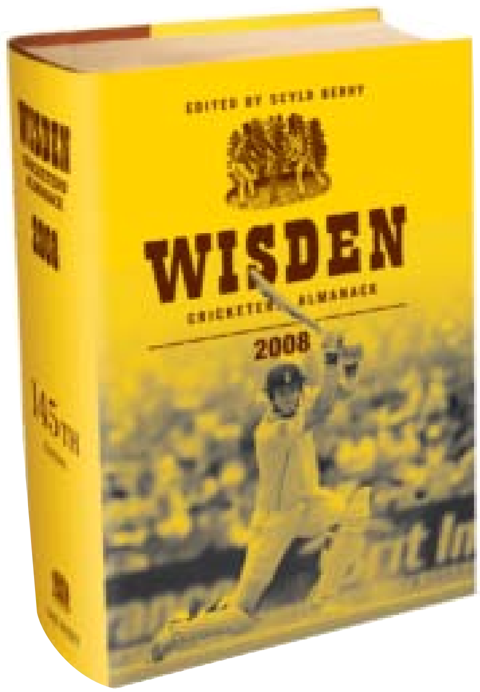
Corporate History 1986 - 2008

2008	Acquisition of **The Arden Shakespeare**
2008	Acquisition of **John Wisden & Co**
2008	Acquisition of Oxford International Publishers Limited
2008	Acquisition of Featherstone Education Limited
2006	Acquisition of Methuen Drama
2004	Acquisition of Walker Publishing Company, Inc.
2003	Acquisition of Nautical Data Limited
2003	Acquisition of Berlin Verlag
2003	Acquisition of Andrew Brodie Publications
2002	Acquisition of Peter Collin Publishing Limited
2002	Acquisition of Thomas Reed Publications
2002	Acquisition of T & AD Poyser ornithology list
2002	Acquisition of Whitaker's Almanack
2001	Launch of audiobook list of major abridged and non-abridged adult and children's titles.
2001	Launch of Bloomsbury Children's USA.
2001	Deal announced with The Economist Group to create the world's leading on-line business reference service.
2000	Launch of Bloomsbury.com
2000	Acquisition of A&C Black Plc
2000	Business Reference Database announced in association with Perseus Books in the US
2000	CAA relationship announced for film deals
1999	Announcement of strategic partnership with Macmillan to create second major dictionary database, the English Language Teaching Database
1999	Encarta World English Dictionary published world-wide and simultaneously in print and electronic formats
1998	Rights Issue raised £6.1m - net proceeds used to reduce borrowings, expand electronic reference activities, enhance paperback list and fund Bloomsbury USA
1998	Bloomsbury USA launched
1994	Launched paperback and children's lists
1994	Flotation raised £5.5 million - net proceeds used to fund the set up of paperback and children's lists
1986	Bloomsbury Publishing was founded by Nigel Newton on the principle of publishing books of excellence and originality. Co-founders were David Reynolds, Liz Calder and Alan Wherry





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Step inside the Bloomsbury Publishing House on Soho Square in our new interactive website launching in September 2009; the place for book lovers to share what's new and exciting in the world of books.