

BLOOMSBURY PUBLISHING PLC

ANNUAL REPORT AND ACCOUNTS **2011**



One Global Bloomsbury

B L O O M S B U R Y

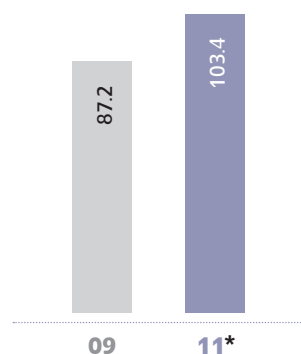
Bloomsbury Publishing Plc is a vibrant independent worldwide publisher listed on the London Stock Exchange with publishing offices in London, New York, Berlin and Sydney. Over its 25 year history, Bloomsbury has built a reputation for publishing works of excellence and originality. Bloomsbury has a valuable portfolio of content and rights based intellectual property assets.



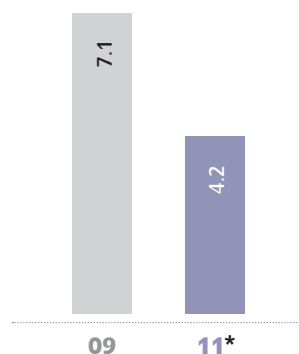
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2011 Results

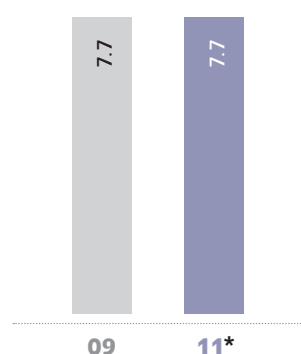
Revenue £m



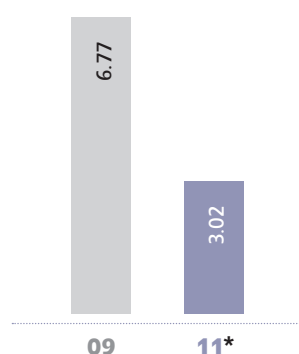
Profit before tax £m



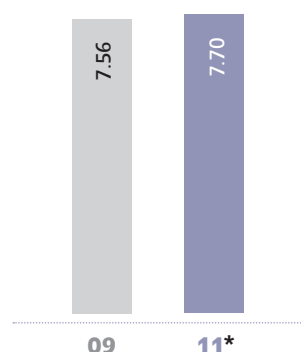
Adjusted profit** £m



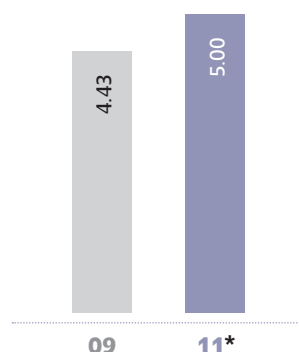
Basic EPS pence



Adjusted EPS** pence



Total dividend pence



Notes

* 2011 is for the 14 months to 28 February 2011 and 2009 is for the 12 months to 31 December 2009. This follows the change of year end date.

** Adjusted profit is profit before taxation adjusted for highlighted items comprising amortisation of intangible assets of £1,136,000 (2009: £584,000), impairment of goodwill of £1,532,000 (2009: £nil) and other highlighted items of £781,000 (2009: £nil). The Adjusted Earnings Per Share is Basic EPS adjusted for highlighted items (see note 7).

Overview

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Highlights

“This is an exciting time for Bloomsbury: demand for digital delivery, including e-books, is increasing significantly; it will change the publishing business model creating one worldwide market. The recent reorganisation is already bringing benefits to the Group, enabling us to better exploit that worldwide market as a global publisher in print and digital formats. We have a strong balance sheet and an excellent management team, so are well placed to exploit future opportunities as we enter our 25th anniversary year.”

Nigel Newton, Founder and Chief Executive

Financial highlights

The highlights for the fourteen months ended 28 February 2011 include:

- ▶ Revenue of £103.4m for the 14 months ended 28 February 2011 (12 months ended 31 December 2009: £87.2m)
- ▶ Pre-tax profit of £4.2m (2009: £7.1m)
- ▶ Pre-tax profit adjusted for highlighted items* £7.7m (2009: £7.7m)
- ▶ Basic earnings per share of 3.02 pence (2009: 6.77 pence)
- ▶ Earnings per share adjusted for highlighted items* 7.70 pence (2009: 7.56 pence)
- ▶ Net cash of £36.9m (2009: £35.0m)
- ▶ Board recommended final dividend of 0.28p per share for the two month period from 1 January 2011 to 28 February 2011 – subject to shareholder approval at the AGM

* Highlighted items comprise goodwill impairment, amortisation of intangible assets, acquisition costs, aborted acquisition costs, restructuring and relocation costs.

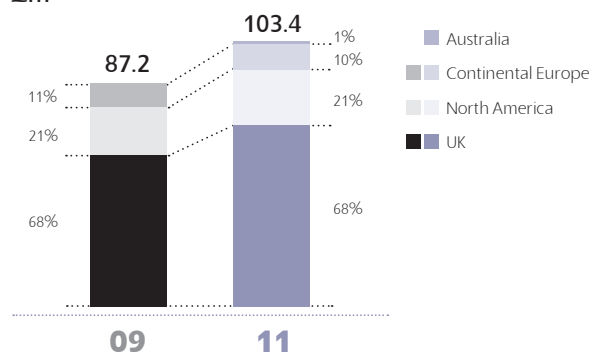
Operating highlights

- ▶ Bloomsbury's e-book sales increased to £1.5m in 2010 (2009: £0.08m). Sales in January to March 2011 were £1.1m
- ▶ Launch of Bloomsbury Australia in January 2011, immediately earnings enhancing
- ▶ Acquisition of Bristol Classical Press and Duckworth Academic in November 2010
- ▶ Appointment of two new Non Executive Directors in 2010 and a new Group Finance Director in 2011
- ▶ Appointment of a Group Sales and Marketing Managing Director, a Managing Director of the new Children's and Educational division and a new Managing Director of Berlin Verlag
- ▶ Bestsellers across the Group included:
 - Eat, Pray, Love* – Elizabeth Gilbert
 - The Finkler Question* – Howard Jacobson – winner of the 2010 Man Booker Prize
 - Operation Mincemeat* – Ben Macintyre
 - Suspicious of Mr Whicher* – Kate Summerscale
- ▶ Major online initiatives included:
 - Berg Fashion Library Online
 - Public Library Online in new territories
 - Winston Churchill Archives digitisation
- ▶ Implemented on 1 March 2011 One Global Bloomsbury – four worldwide publishing divisions: Adult; Children's & Educational; Academic & Professional; and Information, now form the basis of the Group's structure

Regional overview

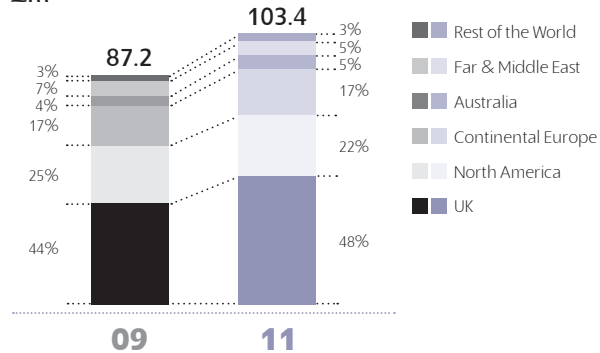
External sales – by source

£m



External sales – by destination

£m



Divisional overview

Specialist publishing

Revenue



Bloomsbury **Academic** won a contract in July 2010 to digitise and publish online on a subscription model the archive of Sir Winston Churchill and acquired Bristol Classical Press in November 2010 making Bloomsbury Academic a major player in the field of classical scholarship.

Bloomsbury **Professional** published a number of major reference works including *The Law and Practice Relating to Charities* 4th ed., by Hubert Picarda QC and re-launched our loose-leaf, *Norfolk and Montagu on the Taxation of Interest and Debt Finance*. Our *Core Tax Annual* series continued to grow in 2010, with revenue up by 20% on the previous year.

Berg Publishers produced the best performance in its trading history in the period. Berg product won three major prizes.

Bloomsbury Information had an excellent financial period which saw the delivery of our key management services contracts with the Qatar Foundation through the successful launch of two new divisions of the Foundation: Bloomsbury Qatar Foundation Publishing (BQFP) and Bloomsbury Qatar Foundation Journals (BQFJ). BQFP publishes books in English and Arabic and was launched in April 2010 at a reception at Windsor Castle hosted by Her Majesty Queen Elizabeth II and attended by Her Highness Sheikha Mozah bint Nasser Al Missned, Consort of the Emir of Qatar and Chairperson of the Qatar Foundation.

Trade publishing

Revenue



Trade publishing continued to perform well including record US performance. Retail is changing with more titles sold online or through supermarkets. New e-book agreements with Barnes & Noble helped boost sales. In October 2010, e-books made up 42% of our US sales of Man Booker Prize winner, *The Finkler Question*.

Adult had three paperback bestsellers in the Sunday Times list and seven hardback UK bestsellers. *Operation Mincemeat* was No 1 in both hardback and paperback fiction and *Eat, Pray, Love* was No 1 bestselling non-fiction book for 2010. In the US, *My Horizontal Life* was in the top 10 of the *New York Times* non-fiction bestseller list for e-books and remained during 2010 in the top 20 list for paperbacks.

In **Children's & Educational** *The Graveyard Book* was first to win the Newbury and the Carnegie Medals and *Grass* won the Royal Mail Scottish Book Award 12–16 year category. In the US, *Need* reached #7 on the *New York Times* bestseller list whilst *Rules of Attraction* reached #3 on the Times list and was placed on the *USA Today* and *Publishers Weekly* bestseller lists. J.K. Rowling won the Hans Christian Andersen Literature Prize and the Harry Potter series was reissued in paperback with stunning new livery for a new generation of readers alongside the release of the film of Harry Potter and the Deathly Hallows Part 1.

Bloomsbury's Public Library Online is currently available through 18 UK library authorities reaching 7.3m of the UK population and helps libraries offer cost effective online access to books.

Note: Regional and Divisional sales and revenue are in respect of the 14 months ended 28 February 2011 and the year ended 31 December 2009 (see note 1).

Chairman's Statement

“The publishing world is handling its own revolution. Digital competence is undermining old business models, spawning new ones and allowing major new forces to transform – or render irrelevant – traditional relationships.”

Jeremy Wilson
Chairman

The world, particularly in the West, is inching its way back to recovery, weighed down by public debt and fiscal imbalances in the aftermath of a financial crisis which has done lasting damage to business confidence. In the aftermath of the economic earthquake, a new world is emerging.

At the same time, the publishing world is handling its own revolution. Digital competence is undermining old business models, spawning new ones and allowing major new forces to transform – or render irrelevant – traditional relationships.

Charles Darwin observed that “It is not the strongest of the species, nor the most intelligent that survives. It is the one that is the most adaptable to change”. Bloomsbury is undergoing one of the most significant periods of adaptation in its 25 year history.

The Chief Executive's Report covers the re-organisation of the Group to exploit the global horizons opened in the publishing industry by digital technology; the continued pace of acquisitions; the move into new premises later this year; the overhaul of key internal systems; and Bloomsbury's adaptation to meet the needs of the growing population of e-readers who are provoking one of the most profound re-assessments of the conventional publishing industry since the development of the printing press.

The Board of Bloomsbury Publishing Plc has also been re-positioned.

Ian Cormack and Sarah Jane Thomson have joined the Board as non-Executive Directors following the retirement of Charles Black and Mike Mayer, and Wendy Pallot has joined the Board as Group Finance Director replacing Colin Adams.

Ian Cormack has had a successful City career in leading international and UK roles at AIG, Citigroup and Citibank, where he spent over thirty years. A former member of the Chancellor's City Advisory Panel, he has served on committees for the London Stock Exchange, CHAPS, APACS, the European Securities Forum, Cedel and the Bank of England. Ian Cormack is Senior Independent Director of Bloomsbury and Chair of the Audit Committee. He brings to Bloomsbury the experience and discipline of a career with some of the finest corporate institutions in the world.

Sarah Jane Thomson founded Thomson Intermedia Plc in 1997 (now Ebiquty Plc), a media information business using internet and technology to capture and deliver real-time advertising creatives and expenditure data for businesses. The company was floated on AIM in 2000 and she remains on the Board. In 2006 she founded First News, the weekly newspaper for children which has become the most widely read children's

publication in the UK and she continues to be actively involved in driving the business forward. Her other roles include: founder of Priority One, an IT outsourcing business, serving medium size businesses in Central London and joint CEO of Addictive Interactive a newly launching Social Network for brands. Sarah Jane Thomson is Chair of the Remuneration Committee. She brings to Bloomsbury the experience, forward-looking vision, and sure intuition of a successful entrepreneur in the digital world.

Wendy Pallot has joined the Board as Group Finance Director. Wendy Pallot is a graduate Chartered Accountant who qualified with Coopers & Lybrand with whom she spent 8 years. She was Group Finance Director for GCap Media plc, the UK's leading commercial radio operator and formerly listed on the UK Main Market, from 2005 until its takeover by Global Radio in 2008. She was Group Finance Director of GWR Group plc, a leading UK radio operator formerly listed on the UK Main Market, from 2001 until its merger with Capital Radio plc in 2005 to form GCap Media plc. She brings to Bloomsbury a fresh perspective and a capacity for change.

This mix of new talent and experience on the Board – three new members on a Board of six – should not be underestimated. It will be invaluable.

The departure of Colin Adams as Group Finance Director deserves special comment. His firm, steady and comprehensive grasp of the financial reins, and his understanding of the business, saw the Group through a momentous period of 17 years in its history. The Board and the entire complement of Bloomsbury wish him well in his new job.

Charles Black and Mike Mayer stepped down from the Board during 2010 after a long service, during which they both contributed immensely to the success of the Group.

With the injection of new blood to our senior and middle management through acquisitions and recruitment, and the depth of the Group in a well-established and long-serving work-force, Bloomsbury and its stakeholders are well equipped for the continued transformation in the next stage of the revolution in this industry and the geo-political upheaval in the world in which it operates.

The people who work for Bloomsbury are amongst the best in the business. The success of the Group in meeting the formidable challenges of the past, and in ensuring a profitable future, is down to them. The whole team are focused on the challenge and opportunities the group now faces. They have the thanks and gratitude of the Board, its shareholders and all its stakeholders for their untiring and enthusiastic commitment.

Jeremy Wilson
Chairman



Global:

Bloomsbury has adapted to be a worldwide publisher.



Digital:

Bloomsbury's knowledgeable editorial, sales and management teams have produced e-products for more than 5 years. We have a growing portfolio of innovative products and services often with scalable recurring income.



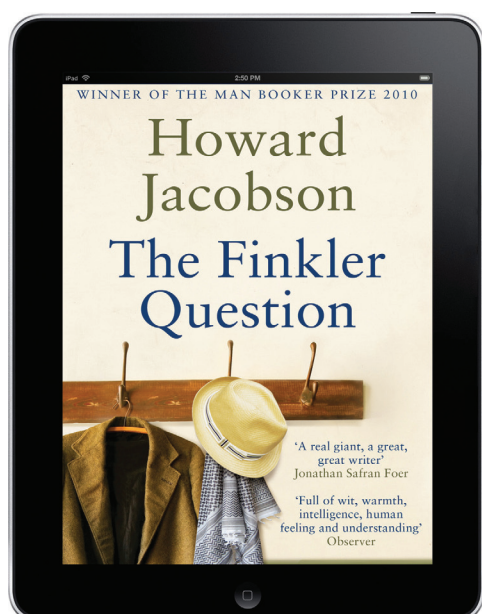
Values:

Bloomsbury retains its core passion and expertise for publishing excellent literature and beautiful books in the format that readers want.

Chief Executive's Statement

“Bloomsbury’s results for the fourteen month period ended 28 February 2011 demonstrate not only the strength of our revenue streams but also the adaptability of Bloomsbury which allows the Group to continue to grow in a difficult, but dynamic and opportunistic, external environment.”

Nigel Newton
Chief Executive



Overview

Bloomsbury has changed its year end to 28 February 2011 as previously reported, so these results are in respect of the fourteen months ended on that date. We reported interim results for the twelve months ended 31 December 2010 on 28 February 2011. Figures given below in relation to the twelve months ended 31 December 2010 are unaudited.

Bloomsbury’s results for the fourteen month period ended 28 February 2011 demonstrate not only the strength of our revenue streams but also the adaptability of Bloomsbury which allows the Group to continue to grow in a difficult, but dynamic and opportunistic, external environment. This ability is largely centred on our small but strong, proactive and entrepreneurial management team, who not only continue to excel in traditional publishing but are also establishing a highly successful digital strategy.

A good performance during the fourteen month period was particularly strengthened by an excellent final quarter of 2010. The two months ended 28 February 2011 were, as forecast, seasonally quiet months delivering a small trading loss in line with expectations and our experience in previous years.

In 2010 and into 2011 we have, in particular, seen significant growth in e-book sales. The US market continues to lead this trend, although since the last quarter of 2010, the UK has also begun to experience a surge in demand. Bloomsbury’s e-book sales rose from £79,000 in 2009 to £1.5m in 2010 and sales in January to March 2011 were £1.1m. UK and US e-book sales are both growing apace, and with the Kindle now firmly established in the UK market and recently launched in Germany, there is now a focused effort to sell e-books throughout the world.

Financial Performance

On 1 March 2011, Bloomsbury reorganised its structure into four worldwide publishing divisions: Adult; Children’s & Educational; Academic & Professional; and Information. We have also created two global service divisions for Sales & Marketing and Production. These changes were made in order to align the Group’s structure with the increasing globalisation of the publishing business and the growing demand for digital content. For the fourteen months to 28 February 2011, the Group was managed on the previous geographic lines, so this report reflects that configuration, reviewing performance within Trade and Specialist divisions across the UK, North America and Continental Europe.

Revenue for the Group for the fourteen month period to 28 February 2011 was £103.4m (12 months ended 31 December 2009: £87.2m). Revenue for the year to 31 December 2010 was up 4% to £90.7m (2009: £87.2m). Revenues from the UK for the fourteen month period were £70.6m (2009: £58.9m). Revenues from the US were £21.7m (2009: £18.8m). Revenues from Continental Europe generated by Berlin Verlag were £10.1m (2009: £9.6m). Revenues from Bloomsbury Australia, which was launched on 1 January 2011, were £1.0m.

Profit before tax for the Group was £4.2m (2009: £7.1m). Profit before tax and highlighted items was £7.7m (2009: £7.7m). Highlighted items include the amortisation of intangible assets of £1.1m (2009: £0.6m), impairment of goodwill for Berlin Verlag of £1.5m (2009: £nil), costs of £0.3m (2009: £nil) relating to an aborted class one acquisition, restructuring costs of £0.2m (2009: £nil) and costs of £0.2m (2009: £nil) in relation to the relocation of the London offices as part of the Group's reorganisation. We are due to move to a new London headquarters building in August 2011. This will enable the majority of Bloomsbury staff in the UK to operate from one building and bring the benefits of better integration of the publishing teams. The impairment of the goodwill in Berlin was made following a review of economic factors affecting the business. A new management team and structure is in place there now and a subsequent rationalisation of the publishing programme and reduction of the cost base has put the business on a firmer footing for the future.

Basic earnings per share were 3.02 pence (2009: 6.77 pence). Basic earnings per share before highlighted items were 7.70 pence (2009: 7.56 pence). Diluted earnings per share were 3.02 pence (2009: 6.74 pence). Diluted earnings per share before highlighted items were 7.70 pence (2009: 7.53 pence).

At the period end the Group had net cash balances of £36.9m (2009: £35.0m). We continue to invest in future growth through acquiring new authors and titles as well as specialist publishing companies. Our strong balance sheet puts us in an excellent position to take advantage of these opportunities as they arise. As at 28 February 2011, the Group had 1,329 titles (31 December 2009: 1,073) under contract for future publication, with a gross investment of £23.2m (2009: £23.7m). After payment of the initial tranches of advances to authors, our commitment for future cash payments on these contracted titles was £13.2m (2009: £13.4m).

Worldwide Trade Best Sellers 2010

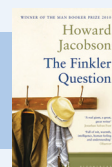
1. Eat Pray Love

by Elizabeth Gilbert



2. Finkler Question

by Howard Jacobson



3. River Cottage Everyday

by Hugh Fearnley-Whittingstall



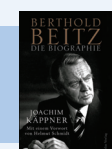
4. My Horizontal Life

by Chelsea Handler



5. Berthold Beitz

by Joachim Käppner



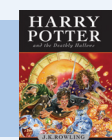
6. Operation Mincemeat

by Ben Macintyre

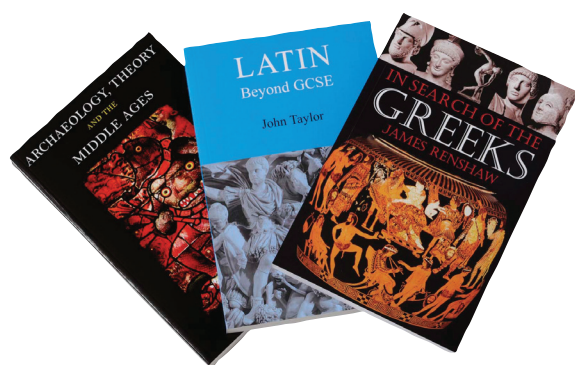


7. Harry Potter and the Deathly Hallows

by JK Rowling



Chief Executive's Statement



UK Specialist

In July 2010 Bloomsbury **Academic** won the contract to digitise and publish online on a subscription model the archive of Sir Winston Churchill. This nearly one million page archive will be launched in the second half of 2012. In April 2011 we purchased the National Archive Book publishing programme from the National Archive, that includes an academic as well as a trade history list.

The acquisition of Bristol Classical Press and Duckworth Academic in November 2010 has made Bloomsbury Academic a major player in the field of classical scholarship by publishing important new research in Archaeology, Classics, Ancient History and Ancient Philosophy.

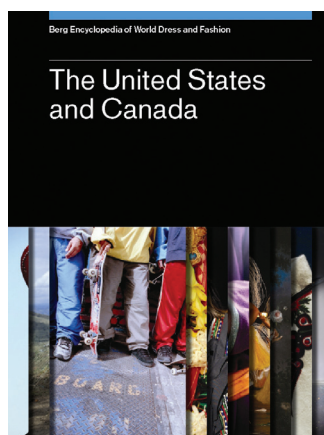


Bloomsbury **Professional** published a number of major reference works in the period. Foremost of these were The Law and Practice Relating to Charities 4th ed., by Hubert Picarda QC which is the first major book to cover the sweeping new reforms in charities law, and Personal Injury Schedules – Calculating Damages 3rd ed. Our loose-leaf, Norfolk and Montagu on the Taxation of Interest and Debt Finance, was re-launched to great acclaim and this has led to a 24% increase in these loose-leaf subscribers and a more than 100% increase in revenue owing to the delivery of higher value content. Important to our success in 2011/12 is the launch of our new online service, and loose-leaf titles such as Norfolk and Montagu, with their established subscriber base, regular income stream and fast-changing content, which are ideally placed to capitalise on online delivery.

Our Core Tax Annual series continued to grow in 2010, with revenue up by 20% on the previous year. It will form the backbone of our new tax online service, which will be launched later in the year. The change of government in 2010, combined with an extra Finance Act, created significant tax publishing opportunities. As complex tax reforms are set to continue over the next few years, we can expect a continuing uplift for our tax publishing programme.

In 2011/12 we launch a new online professional service in the Republic of Ireland. The first modules will provide a comprehensive reference service for professionals specialising in tax and company law, with further modules in other core subject areas to follow.

Under Bloomsbury's ownership, **Berg Publishers** produced the best performance in its trading history in the period. Sales were strongly boosted by the US co-publication of the *Berg Encyclopedia of World Dress and Fashion* with Oxford University Press. Along with the on-line Berg Fashion Library, it won three major awards. The first was the 2011 Dartmouth Medal, awarded



by the American Library Association who deemed it a "landmark of scholarship." The second was the 2011 Frankfurt Book Fair Digital Award from the Independent Publishers Guild and the third the 2011 Bookseller FutureBook Award for Best Website. In September 2011 Berg will relocate from Oxford to the new London head office, with clear advantages from reduced overheads and synergies from the closer integration of the Berg business with Bloomsbury's visual arts list.

Methuen Drama and Faber & Faber Limited have just announced a new partnership to develop a drama digital content platform for libraries, teachers, students and researchers. Launching in late 2012, *Drama Online* is the ultimate online resource for plays, critical analysis and performance. Drawing on the pre-eminent titles from Methuen Drama, Arden Shakespeare and Faber, *Drama Online* will offer a complete digital library of the most studied, performed and critically acclaimed plays from the last two and a half thousand years. In addition, it will provide expert student guidance in the form of scholarly notes, annotated texts, critical analysis and contextual information. Performance and practitioner texts from theory to backstage and acting guides, coupled with video and audio material, will make this an essential study tool meeting the full range of drama teaching needs.

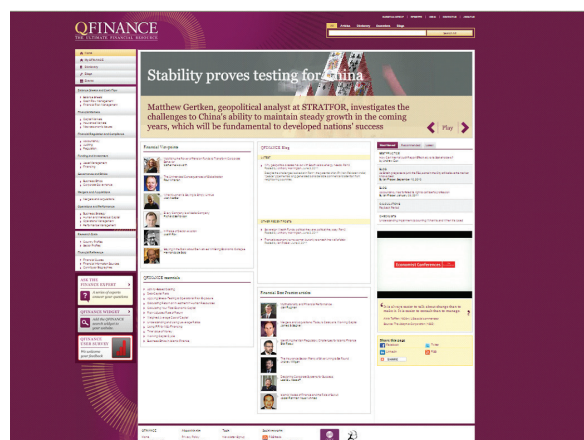
Bloomsbury Information had an excellent financial period which saw the delivery of our key management services contracts with the Qatar Foundation through the successful launch of two new divisions of the Foundation: Bloomsbury Qatar Foundation Publishing (BQFP) and Bloomsbury Qatar Foundation Journals (BQFJ). BQFP publishes books in English and Arabic and was launched in April 2010 at a reception at Windsor Castle hosted by Her Majesty Queen Elizabeth II and attended by Her Highness Sheikha Mozah bint Nasser Al Missned, Consort of the Emir of Qatar and Chairperson of the Qatar Foundation. Since its launch, BQFP has published over 40 titles including the Arabic translation of the worldwide bestseller *The Gruffalo*. It has acquired English language and translation rights to a number of novels from Arab writers including the two most recent winners of the International Prize for Arab Fiction, known as the 'Arab Booker' prize.

In December the astronaut Buzz Aldrin's inspiring talk to scientists meeting in Qatar marked the lift-off of BQFJ, the open-access, online, peer-reviewed, research journals publishing portal (www.qscience.com). The launch journals include Sir Magdi Yacoub's *Aswan Heart Centre: Science and Practice*, and journals about healthcare, librarianship, education and Islamic Studies.

The online financial best practice and information resource (www.qfinance.com) also saw sustained growth through the period achieving over 186,000 unique visitors per month by the end of February 2011.



Her Majesty Queen Elizabeth II and HRH Prince Philip with Her Highness Sheikha Mozah bint Nasser Al Missned and Nigel and Joanna Newton at the launch of Bloomsbury Qatar Foundation Publishing at Windsor Castle.



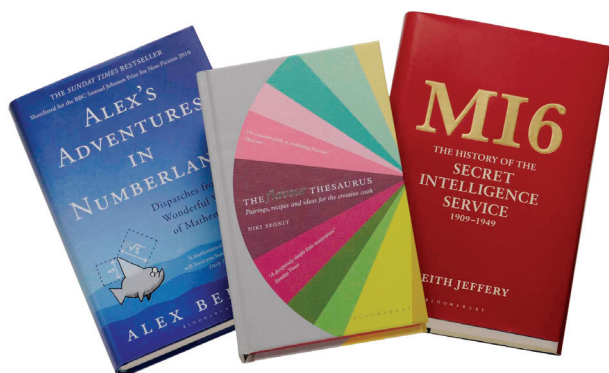
Chief Executive's Statement



Prospects for 2011/12 are positive as the new businesses develop. From 1 July, BQFP will take over the sales of Bloomsbury Group titles in the Arab World from Penguin Group. Other international business development opportunities are under active pursuit with additional internal resource being devoted to this aspect of the Division's activities since the Group restructure in March 2011.

UK Trade

The Trade division continues to perform well. The strategy for the division has been to focus strongly on the titles with maximum commercial potential whilst keeping tight controls on the level of advance investment, continuing to identify new talented writers and promoting the "long tail" by acquiring established authors' backlists in print and e-book format and moving titles to print on demand.



In **Adult** the growth of our food list has been considerable with books published by high profile authors such as Hugh Fearnley-Whittingstall and Heston Blumenthal but also innovative new authors such as Niki Segnit with *The Flavour Thesaurus*. We continue to look for markets that are showing good growth and we have embarked on building a crime list of high quality writers who will deliver a book a year. Our ten-year strategy of building a serious non-fiction list has matured. Concentration on the growth of our paperback list has paid off with a wide variety of bestselling books from the novels of Khaled Hosseini to *The Guernsey Literary and Potato Peel Pie Society* to *Eat, Pray, Love* and the books of Ben McIntyre.

The retail landscape is changing with more titles being sold online or through supermarkets, in e-book or print format. The impact of digitisation is becoming considerable and acquiring world English rights is of premier importance in the digital future. In the month of October 2010, e-books made up 42% of the US sales of our Man Booker Prize winner, *The Finkler Question*.



During the period we have had seven hardback bestsellers in the UK including *Alex's Adventures in Numberland* by Alex Bellos, *The Flavour Thesaurus* by Niki Segnit, which was the winner of a design award, *MI6: The History of the Secret Intelligence Service 1909-1949* by Keith Jeffery, *Operation Mincemeat* by Ben MacIntyre, *Just Kids* by Patti Smith, *River Cottage Everyday* by Hugh Fearnley-Whittingstall and *The Finkler Question* by Howard Jacobson. We also had three paperback bestsellers, *Eat, Pray, Love* and *Committed* by Elizabeth Gilbert, and *Operation Mincemeat*, in the Sunday Times list. *Operation Mincemeat* was number one in both hardback and paperback and *Eat, Pray, Love* was the number one bestselling non-fiction book in the year of 2010, occupying first place for 23 consecutive weeks.

Howard Jacobson won the Man Booker Prize, and Patti Smith won the National Book Award. We continue to identify and acquire books that are adopted for the Richard & Judy and TV Bookclub promotions. *No and Me*, *Operation Mincemeat* and *Major Pettigrew's Last Stand* were adopted as Richard & Judy picks and *The Bed I Made* and *Even the Dogs* as TV Bookclub choices.

The 2011/12 year started well with the paperback edition of *Alex's Adventures in Numberland* and *The Good Book: A Secular Bible* by AC Grayling. Highlights of the year ahead include the paperback of *The Finkler Question*, a new book in the summer from Ben Schott, *Schott's Quintessential Miscellany*, and *Rip Tide*, a thriller by the ex chief of MI5, Stella Rimington. Non-fiction highlights for the autumn include the new title in the River Cottage series, *River Cottage Everyday Veg* by Hugh Fearnley-Whittingstall, Heston Blumenthal's *Heston at Home* and *How to Bake* by Paul Hollywood.

In **Children's & Educational** *The Graveyard Book* by Neil Gaiman won the Carnegie Medal in June 2010 and was the first book to win both the Newbery and the Carnegie Medals. *Chains* by Laurie Halse Anderson was also shortlisted for the Carnegie medal – giving Bloomsbury Children's two out of the eight shortlisted titles. *Grass* by Cathy McPhail won the 12–16 year category for the Royal Mail Scottish Book Award in February 2011. *Mortlock* by Jon Mayhew and *A Beautiful Lie* by Irfan Master were shortlisted for The Waterstone's Children's Book Prize in January 2011. Terry Deary's *Put Out the Light*, published in September 2010, has been shortlisted for the Sheffield Children's Book Award 2011. *The Wombles* made a successful return to print, 40 years after the first book by Elizabeth Beresford was published, in November 2010.

A children's publishing agreement was signed with London Zoo to create a bespoke book programme for them; the first books will be published in September 2011.

J.K. Rowling won the Hans Christian Andersen Literature Prize in October. The Harry Potter series was reissued in paperback with a stunning new livery for a new generation of readers. It was published alongside the release of the film of Harry Potter and the Deathly Hallows Part 1 in November 2010. Sales of the boxed set continued to be particularly strong. Part 2 of this film will be released in July 2011.

We have just announced the establishment of Bloomsbury Reader, a new digital global publisher, in partnership with the Rights House, one of Britain's leading literary agencies. The aim of this business is to make available books that are in copyright but currently unavailable in print, as e-books and print-on-demand throughout the world. The first list to be published in September 2011 has 500 titles by authors including Alan Clark, Ivy Compton-Burnett, Monica Dickens, Angela Huth, Roy Jenkins, Edith Sitwell and Alec Waugh, most of whom have not been published by Bloomsbury before.



Chief Executive's Statement



Bloomsbury's Public Library Online project continues to help libraries offer to their communities cost effective online access to books from a wide range of publishers thereby helping them retain their valued place at the core of a literate society. The service has maintained a 100% renewal rate and is currently available through 18 UK library authorities reaching 7.3m of the UK population. Based on the success of the service in the UK and its scalability, Public Library Online has now been launched in the US, Canada, Australia, New Zealand, Germany and Scandinavia.

US

The US turned in a record performance for the period and all divisions had marked success. With the addition of new e-book agreements, most notably with Barnes & Noble, e-book sales increased significantly throughout the year, and Bloomsbury had its first two e-book bestsellers on the newly established *New York Times* e-book bestseller list.

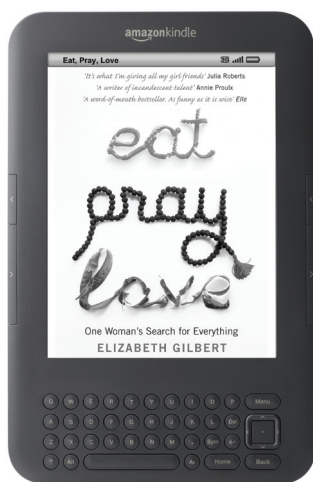
In Adult, *My Horizontal Life*, by Chelsea Handler, remained in the top 20 on the *New York Times* trade paperback non-fiction bestseller list every week during 2010, while the e-book of *My Horizontal Life* was in the top 10 of the *New York Times* non-fiction e-book bestseller list that was established in the last quarter of 2010. The US Adult division published *The Finkler Question*, and it became an immediate print and e-book bestseller when published in October, appearing each week thereafter in 2010 on the *New York Times* trade paperback fiction bestseller list, and several weeks on the e-book bestseller list.

Professional and Academic sales grew solidly throughout the year in the US, and the Methuen and Arden Shakespeare lists are now well-established there as leading publishers of drama. A&C Black's book on Alexander McQueen, the first book published following his death, was a big success.

The Children's list had numerous successes including *Captivate*, Carrie Jones's sequel to her paranormal blockbuster *Need*. It reached number seven on the *New York Times* bestseller list. *Rules of Attraction*, the follow up to Simone Elkeles's 2009 bestseller *Perfect Chemistry*, also appeared on the *Times* list – reaching the number three spot – and placed on the *USA Today* and *Publishers Weekly* bestseller lists as well. *Hearts at Stake*, by Alyxandra Harvey, the first in a paranormal romance series published in January, has shipped more than 50,000 copies, and with the subsequent 2010 releases of *Blood Feud* in July and *Out for Blood* in December, the series now has over 100,000 copies in print.

Germany

The overall German retail book market showed no growth in 2010, and Berlin Verlag's sales reflected that. A film tie-in paperback edition of Elizabeth Gilbert's *Eat, Pray, Love* hit the top of the bestseller list, as did a biography of Berthold Beitz, one of Germany's most important industrialists during the post-war era. Strong sales of Khaled Hosseini's *The Kite Runner* and *A Thousand Splendid Suns* ensured that backlist sales remained significant.



Profitability improved considerably as a result of having moved the print contract for the paperback list to the UK, where costs are lower.

Berlin Verlag e-books were launched in the autumn, and following Amazon's entry into the market in Germany in the spring of 2011 we expect significant growth in this area.

Berlin Academic was launched in the spring of 2010 with the aim of providing a digital platform for academic publishers, and has made good progress in negotiations with potential clients.

At the end of February 2011 Berlin Verlag was renamed as Bloomsbury Verlag as part of the corporate restructuring.

Management

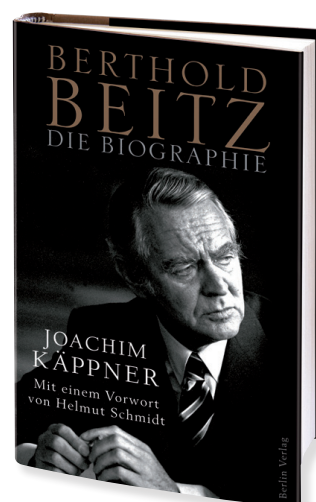
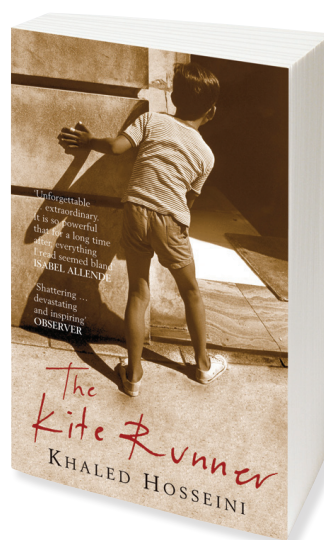
On 28 May 2010 Sarah Jane Thomson was appointed as an Independent non-executive Director and Chair of the Remuneration Committee. Sarah replaced Charles Black who stepped down from the Board on 28 May 2010. Ian Cormack was appointed as Independent non-executive Director on 1 January 2011 and also became the Senior Independent Director and Chair of the Audit Committee on that date. Ian Cormack replaces Mike Mayer who stepped down from the Board on 31 December 2010. I would like to thank Charles and Mike for their long and distinguished service to the Board of Bloomsbury and their immeasurable contribution to the Company over many years. Wendy Pallot joined the Group as Group Finance Director on 8 April 2011. We thank Colin Adams for his support and contribution over 17 years as Group Finance Director.

Current trading, developments and prospects

Since the period end, trading within the UK has remained strong, although overseas markets are currently weaker, in part reflecting the weakness in their respective retail book markets. The strength in the UK list at the moment is evidenced by titles such as Anthony Grayling's *The Good Book*, the paperback editions of Howard Jacobson's *The Finkler Question* and Kate Summerscale's *The Suspicions of Mr Whicher*, Raymond Blanc's *Kitchen Secrets*, *The River Cottage Baby* and *Toddler Cookbook*, and the Orange Prize shortlisted *The Memory of Love* by Aminatta Forna.

This is an exciting time for Bloomsbury: e-book demand is increasing significantly; it will change the publishing business model creating one worldwide market. The recent organisational change is already bringing benefits to the Group, enabling us to better exploit that worldwide market as a global publisher in print and digital. During 2011/12 these benefits will be enhanced by the move into our new headquarters building in Bedford Square, London. We have a strong balance sheet and an excellent management team, so are well placed to exploit future opportunities as we enter our 25th anniversary year.

Nigel Newton
Chief Executive



Financial Review

Results for the fourteen months ended 28 February 2011

The figures given below are for the fourteen month period ended 28 February 2011 unless otherwise indicated. Figures given below in relation to the twelve months ended 31 December 2010 are unaudited.

Profit before tax for the fourteen month period was £4.2m (2009: £7.1m). Profit before tax and highlighted items was £7.7m (2009: £7.7m). For the twelve month period to 31 December 2010 profit before tax and highlighted items was £8.4m (2009: £7.7m). Due to the cyclical nature of the business the operation typically makes a loss in January and February.

Revenue for the Group for the fourteen month period was £103.4m (2009: £87.2m). Revenue for the twelve month period ended 31 December 2010 was £90.7m (2009: £87.2m).

Segmental analysis

Until March 2011 the Group was managed on a geographic basis and the segmental analysis presented in these financial statements reflects that structure. Revenue in the UK was £70.6m (2009: £58.9m). The revenue increase was primarily due to the success of the Adult list and the full period's trading of Bloomsbury Professional which was acquired in July 2009. During the fourteen month period we enjoyed seven hardback bestsellers in the UK. Unadjusted profit before investment income, finance costs, tax and central cost recharge income in the UK was £4.9m (2009: £6.3m). Profit before highlighted items, investment income, finance costs, tax and central cost recharge income in the UK was £6.7m (2009: £6.9m). US revenue was £21.7m (2009: £18.8m). E-book sales continued to gather momentum into the new year along with re-orders of core backlist titles. Profit in the US before investment income, finance costs, tax and central costs recharged from the UK was £1.2m (2009: £0.5m). For Continental Europe, revenue, which was generated by Berlin Verlag, was £10.1m (2009: £9.6m). Berlin was operating in a difficult market during 2010 but generated a profit before highlighted items, investment income, finance costs, tax and central costs recharged from the UK in the six months to 31 December 2010. The loss in Berlin for the fourteen month period before highlighted items, investment income, finance costs, tax and central costs recharged from the UK was £0.5m (2009: loss £0.6m).

Within the geographical locations, the Group's divisional structure is split into three main operating areas: Children's, Adult and Reference publishing. Under this structure Children's and Adult form the Trade publishing division, and Reference the Specialist publishing division. All three divisions operated in the UK, US and Germany. For the fourteen month period the breakdown of revenue between the three areas was: Children's 22% (2009: 26%), Adult 46% (2009: 44%) and Reference 32% (2009: 30%).

Revenue in Children's was £22.8m (2009: £23.0m). Although there were fewer bestselling titles during the period, the backlist performed well on the back of the film Harry Potter and the Deathly Hallows part 1 and the release of the Harry Potter series with a new jacket design. The demand for the paperback box set over the Christmas period also continued into the New Year. Contribution before administrative expenses was £7.9m (2009: £8.4m).

Adult revenue was £47.8m (2009: £37.9m). As previously mentioned, the Adult division performed well during the period from a broad selection of new titles and existing backlist. The division was also the main beneficiary of e-book revenues during the period. The increase in gross profit margin was mainly due to lower provisions against unearned advances, decreased stock provisions and lower return levels. Contribution before administrative expenses was £17.3m (2009: £11.0m). This increase was mainly due to higher revenues and margin.

Reference revenue increased to £32.8m (2009: £26.4m). The revenue growth was primarily due to the full fourteen month impact of the 2009 acquisitions of Tottel Publishing, renamed Bloomsbury Professional, and Hodder Education's Higher Education Humanities list. Bristol Classical Press and Duckworth Academic, which were acquired in November 2010, have now been integrated into the Academic operation. Contribution before administrative expenses was £10.4m (2009: £8.6m).

Rights revenue, which includes subsidiary rights, electronic database income, management contracts and income derived from third-party agencies, was £8.1m (2009: £9.2m). The contribution attributable to this revenue was £6.5m (2009: £6.6m). The decrease in contribution on a like for like basis was due to higher revenue recognised in 2009 on the delivery of content under the QFCA contract which was not repeated in 2010. £5.0m (2009: £4.9m) of the profit was generated in the Specialist Publishing Division and £1.5m (2009: £1.7m) was generated in the Trade Publishing Division.

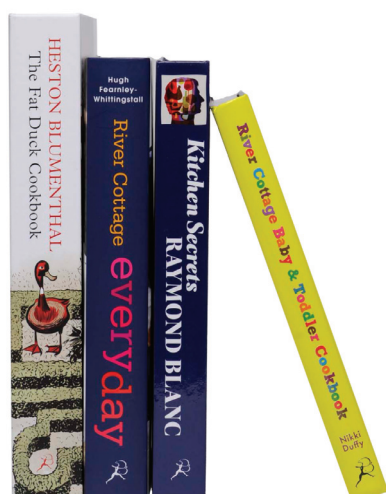
Gross profit

Gross profit for the Group for the period was £53.1m (2009: £43.4m). Gross profit margin increased to 51.3% (2009: 49.7%). The increase in the gross profit margin was due to a number of factors including the fourteen months' trading of the higher margin Bloomsbury Professional, acquired in July 2009, lower book returns rates in the UK and moving the paperback printing of Berlin's business to the UK where the costs are lower.

Royalty rates vary according to the type of books published in the year. Provisions against unearned advances charged to the Income Statement were £3.7m (2009: £3.4m) and represented 3.6% of revenues (2009: 3.9% of revenues). Books returned by customers are credited to the returns provision. There was no overall change in the returns provision during the period. There was a write-back to the Income Statement in 2009 of £0.58m. The stock provision charged to the Income Statement in respect of obsolescence (excluding write downs for items such as wastage) increased to £2.6m (2009: £2.2m) and represented 2.5% of revenues (2009: 2.5% of revenues).

Costs

Marketing and distribution costs for the period were £17.5m. For the twelve month period to 31 December 2010 they were £15.2m (2009: £15.4m). Administrative expenses before highlighted items for the period were £28.2m. For the twelve month period to 31 December 2010 they were £24.7m (2009: £21.2m). On a like for like basis with 2009, £1.2m of increased overhead costs before central cost recharges relate to the additional six months' overhead of Bloomsbury Professional, which was acquired in July 2009. In addition, share option charges for the twelve month period to 31 December 2010 increased to £0.8m (2009: £0.1m) and there were higher premises costs and professional fees as a result of credits in the year ended 31 December 2009.



Highlighted items

Highlighted items for the fourteen month period include the amortisation of intangible assets of £1.1m (2009: £0.6m), impairment of goodwill of Berlin Verlag of £1.5m (2009: £nil), costs of £0.3m (2009: £nil) relating to an aborted class one acquisition, restructuring costs of £0.2m (2009: £nil) and costs of £0.2m (2009: £nil) in relation to the relocation of the London offices as part of the Group's reorganisation. The move to the new offices in London is due to take place in August 2011. The increase in the amortisation is due to the full fourteen months' charge on the prior year's acquisitions and acquisitions and other additions in the period. The impairment of the goodwill in Berlin was made following a review of economic factors affecting Germany, in particular the weakness of the retail book market there. With a new management team and structure, there has been a rationalisation of the publishing programme and reduction of Berlin's cost base as part of the plan to increase profitability in the business.

Investment income

Investment income for the fourteen month period was £0.4m (2009: £1.1m) as a result of lower interest rates and, to a lesser extent, lower average cash balances held during the fourteen month period. 2009 benefitted from the overhang of longer-term deposits made in prior years at significantly higher interest rates.

Taxation

The Group's effective tax rate for the fourteen months ending 28 February 2011 was 47.2% (2009: 30.1%). The increase in the rate is primarily due to certain significant one-off items which reduce the Group's pre-tax profits but which are not considered allowable expenses for corporation tax purposes. These one-off highlighted items principally relate to an impairment of goodwill in respect of the Group's Berlin operations of £1.5m (2009: £nil), fees incurred on an aborted class 1 transaction of £0.3m (2009: £nil) and costs associated with relocating the Group's London head office of £0.2m (2009: £nil).

The corporation tax charge for the period also includes the impact of the Group recognising a deferred tax asset of £0.4m, relating to previously unrecognised losses arising from the Group's US operation, which partially offsets the de-recognition of the deferred tax asset (of £0.7m) on the Group's Berlin operation's tax losses in prior periods. The adjusted underlying corporation tax rate for 2011 excluding the impact of these one-off items is 31.3%.

Financial Review

Earnings per share

Basic earnings per share were 3.02 pence (2009: 6.77 pence). Diluted earnings per share were 3.02 pence (2009: 6.74 pence). Basic earnings per share before highlighted items were 7.70 pence (2009: 7.56 pence). Diluted earnings per share before highlighted items were 7.70 pence (2009: 7.53 pence).

Dividend

The Directors are recommending a final dividend of 0.28 pence per share, which, subject to shareholder approval at our Annual General Meeting, will be paid on 27 September 2011 to shareholders on the register at the close of business on 26 August 2011. This dividend is a 5% increase, pro rata for two months, on the dividend paid for the six months ending 30 June 2010. Together with the interim and second interim dividend, this makes a total dividend for the 14 month period ended 28 February 2011 of 5.00 pence per share, a 13.0% increase on the total dividend for the year ended 31 December 2009 of 4.43 pence per share.

Balance sheet

Intangible assets

Intangible assets were £37.2m (2009: £37.6m). The change was primarily due to the acquisition of Bristol Classical Press and Duckworth Academic in November 2010 and other additions (mainly software and publishing rights) less amortisation and the impairment of the goodwill relating to Berlin Verlag.

The businesses and net assets of Bristol Classical Press and Duckworth Academic were acquired for a cash consideration of £1,100,000. The acquisition has been accounted for using the acquisition method of accounting. The goodwill of £28,000 and intangibles of £930,000 arising on the acquisition have been capitalised in the Group balance sheet.

Current assets

Inventories increased 12.1% to £18.3m (2009: £16.4m). The increase mainly reflects the higher revenues particularly in the second half of the year, business seasonality and stock at the new Australian subsidiary. The underlying stock holding has remained relatively stable over the last twelve months. On a like for like basis with 2009 there was no significant exchange movement on overseas stocks (2009: positive exchange movement of £0.6m).

Trade and other receivables increased 2.5% to £48.7m (2009: £47.5m). Trade receivables were £21.4m (2009: £21.6m). 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 period-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 £6.5m for future returns

relating to 2010/11 and prior year sales (2009: £6.5m relating to 2009 and prior year sales) has been carried forward in trade receivables at the balance sheet date. This provision at margin represents 6.3% (2009: 7.5%) of revenues. Within trade and other receivables, prepayments and accrued income increased 7.1% to £27.2m (2009: £25.4m) mainly as a result of higher paid advances. Net provisions of £3.7m (2009: £3.4m) against advances to authors on titles published were made during the period.

Equity and liabilities

As at 28 February 2011 total equity stood at £111.9m (2009: £112.7m). The reduction was due to retained earnings reduction of £1.3m (2009: £1.9m increase) as a result of the profit for the period of £5.6m before highlighted items (2009: £5.6m), the highlighted items of £3.4m (2009: £0.6m), dividends of £3.3m (2009: £3.1m) and share buy-back of £0.2m (2009: £nil), a decrease in the translation reserve due to the translation loss on consolidation of the assets and liabilities of overseas subsidiaries in other comprehensive income of £0.4m (2009: £3.0m loss), and an increase in the share-based payment reserve due to the share-based payment charge for the fourteen months of £0.8m (2009: £0.1m).

Current liabilities increased 20.6% to £29.1m (2009: £24.2m). Trade payables increased to £9.2m (2009: £5.9m) due to increased payables for work in progress and trade payable for the stock acquired by the new Australian subsidiary. Accruals and deferred income, which is included in trade and other payables, increased 20.8% to £18.6m (2009: £15.4m). Accruals and deferred income includes increased deferred income on database contracts, higher deferred subscription revenues and increased royalty payments to authors, which vary from year to year depending on revenue and the authors' royalty rates, which typically escalate on triggered thresholds as sales increase.

Cash flow

The Group had a net cash inflow from operating activities before tax of £11.0m for the fourteen months (2009: £2.6m cash outflow). This was mainly attributable to increased payables more than offsetting increased receivables. Corporation tax paid during the fourteen months was £2.8m (2009: £1.7m). During the fourteen months £0.4m (2009: £1.4m) of interest was received from deposits, and £3.3m (2009: £3.1m) of dividends were paid. £1.1m, net of cash acquired, was spent on the business acquired during the period (2009: £10.3m). The Group's cash on the balance sheet as at 28 February 2011 was £36.9m (2009: £35.0m).

Wendy Pallot ACA
Finance Director

Risk Factors

Outlined below is a description of significant risk factors that management considers affect the Group's business. Not all the factors are within management's control and other factors besides those listed below could also affect the Group. Actions being taken by management to mitigate risk factors should be considered in conjunction with the cautioning note to shareholders in the Directors' Report on page 29 with regards to forward looking statements. Details on financial risk management are given on page 97 in note 22.

Evolution of the market

Book publishing is entering a period of change that we anticipate will be transformational as consumers worldwide migrate from printed books to digital formats. Other changes are also impacting on high street bookshops. Amongst the actions taken by management to exploit the potential opportunities, with effect from March 2011 we have restructured the business ahead of the anticipated changes in the market into four separate worldwide publishing divisions each capable of adapting quickly to their specific markets.

Significant risk factors:

- **Demise of high street bookshop chains:** Generalist high street bookshop retail chains across the World are facing strong competition from internet retailers and, particularly in the UK, alternative high street retail outlets such as supermarkets and news agents. Bloomsbury is not solely dependent on any one sales channel or distributor for trade sales. We anticipate sales lost to bookshops being substituted by sales made through the other channels such as internet and the alternative high street retailers. Bloomsbury has limited financial exposure to trade receivables owned / book stocks held by the high street bookshops should any fail financially (as explained in more detail in note 22). The changes being experienced by high street bookshops have limited impact on sections of Bloomsbury's other sales such as to educational establishments where Bloomsbury already sells directly to the customer.
- **Ascendency of internet retailers:** The increasing significance of internet retailers provides opportunities to generate additional revenues by selling a wider range of titles. Marketing must be tailored to maximise the sales of books through the internet retailers. Internet retailers react quickly to changes in consumer demand and minimise their stock levels so require shorter lead times for the fulfilment of book orders. Bloomsbury has publishing and marketing teams specialised in working with the internet retailers. The Group subcontracts printing of books to world class suppliers that have capacity to accommodate 'on-demand' ordering whilst maintaining low costs.
- **Digital e-books:** Worldwide sales of personal electronic e-book readers such as Amazon's Kindle and Apple's iPad have grown rapidly. The rising number of consumers owning these devices is driving a strong surge in the demand for downloads of e-books especially for adult fiction and general non-fiction titles. Risks include that e-book downloads could substitute printed book purchases and that authors might be unwilling to sell both the digital and print publishing rights to the same publisher. Bloomsbury is well prepared and has for a number of years published books as e-books so has the teams and knowhow in place to capitalise on any sudden increase in demand for downloads. The Group sells its e-books through robust third party platforms and distributors such as Amazon.
- **Ascendency of alternative high street retail outlets:** Alternative retail outlet chains (such as supermarkets and news agents in the UK) focus on high volume sales of adult and children's titles. Compared to the generalist high street bookshops, alternative retail outlet chains concentrate on smaller lists of best seller books. The larger alternative retail outlet chains have a stronger bargaining position and can demand greater discounts from publishers offset by increased sales volumes. The opportunities to realise high sales volumes drives competition between publishers to acquire the best titles of leading authors and celebrities. Bloomsbury has publishing teams that specialise in working with the alternative retail outlet chains, publishing experts who are effective at finding bestselling titles and strong controls over the acquisition of titles to ensure margins are protected and the risk of making acquisitions that do not perform as well as expected is minimised.
- **Globalisation:** The advent of internet retailers and digital e-books increases the opportunities to sell books into a global market. With effect from 1 March 2011, Bloomsbury has structured its business into four worldwide publishing divisions supported by a global sales function. Sales and publishing teams based at Bloomsbury's local country offices ensure the local needs of authors and customers are supported. For printed books, the Group has developed a multinational network of high quality printers, distributors and partners capable of delivering books to customers quickly and at low cost worldwide.

Risk Factors

- **Copyright protection:** The advent of e-books increases the existing risk of revenue being undermined by the unauthorised copying and publication of Bloomsbury's books by third parties. Wide scale file sharing experienced by the music industry has not arisen as a major problem so far with e-books. Bloomsbury monitors, as do other parties, unauthorised publication of e-books on the internet and where discovered employs external specialists who effectively use the existing protocols with Internet Service Providers and others to have offending web pages and content removed. This ensures that illegal downloading is limited to a small proportion of titles and has a limited impact on sales.

Business systems and infrastructure

There is a risk that the business infrastructure – including management information, production & delivery workflow and the network infrastructure – might not be capable of supporting the growth of the business. In particular, globalisation and growth of the business together with the increasing number of its digital content dependent assets places increasing dependency on Bloomsbury's IT systems. The Group is making significant investment in implementing a new centralised publishing and distribution workflow system to replace its disparate systems. It is also implementing a new accounting and management information system across the Group. The Executive Committee is monitoring the projects to replace these systems closely to minimise risk, and to ensure that the short and long term benefits of the new systems are realised.

Title acquisition

This risk encompasses the payment of advances to authors to acquire new titles that subsequently remain unearned. The risk is mitigated by strong controls when considering the acquisition of rights to new titles which includes an initial purchase evaluation process carried out and signed off at a senior level. New titles are supported by sales and marketing resources to ensure a successful launch. There is also a system of continuous review, analysis and feedback on title performance to better inform future acquisitions.

Corporate Responsibility

Bloomsbury's core business is the worldwide publication of literature for readers of all ages which in itself has a high social value. We focus on integrity in all of our activities, consider our impact on society and the environment and maintain high ethical standards. The Company continues to be included in the FTSE4Good Index.

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

Community

We encourage the involvement of staff worldwide in volunteer work and Bloomsbury is involved in a number of community based activities. Our publishing teams share a common passion for promoting the enjoyment of high quality literature which is often cutting edge and provides new authors with opportunities to establish themselves. We have a substantial children's & educational division focused on promoting literacy for young readers of all abilities and ages including specialist ranges for 'Hi-Low' pupils (High age, Low attainment) which provide parents and teachers with the tools needed to engage their children in reading.

● Support by Bloomsbury

With a focus on promoting literacy we actively support numerous organisations and other good causes such as Booktrust, Oxfam, Barnados and other charities together with organisations including schools and libraries. We donate, or provide at a substantial discount, over 100,000 books annually which include donations by our overseas and UK offices of main stream titles. We donate signed copies of books by leading authors for charity auctions and support the Booktrust 'Booked Up' scheme to give every child starting secondary school a free book. We are a sponsor and partner of World Book Day which was 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.

We make minor cash donations to charities that support literary art, education and literacy which has included Book Aid International, The Charleston Trust and other charities that meet our specific criteria. In respect of the period we made donations totalling £10,000.

● Support by Employees of Bloomsbury

Our employees are involved in a number of formal volunteer schemes, such as for the CSV charity, regularly attending state schools in deprived areas. These schemes provide supervised reading support to young readers often from backgrounds where their opportunities to develop reading skills may be hindered. Groups of employees around the business regularly participate in a wide range of fund raising events for good causes supporting charities through sponsored runs, cycling challenges, bake sales and other employee inspired activities.

Employees

We recognise that people are our greatest asset and employment policies are directed at creating a workplace that attracts, motivates, develops and retains high calibre employees. We have a diverse workforce and management team lead by a diverse board, of which one third of the members are women.

Corporate Responsibility

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

- **Openness:** Bloomsbury provides a high degree of openness and transparency on its activities and performance through information provided to employees. Employees are kept updated daily, weekly and monthly on sales, book releases, project achievements, corporate news and feedback from external media and other sources. Weekly and other regular team meetings and internal annual conferences bring employees together from across the Group's worldwide sites allowing team members to formally and informally share information about the business and develop strong working relationships. An intranet is used to provide employees with access to relevant corporate information and employees regularly arrange social events.
- **Engagement:** We promote a friendly collegiate culture in which employees are encouraged to discuss their concerns and issues with their line managers and senior colleagues. The senior management team meets frequently to discuss employee matters and is supported by regular operational meetings attended by managers covering all the Group's worldwide sites.
- **Ethical Behaviour:** We expect employees, directors, subcontractors and others to exercise high ethical standards at all times in respect of the relationships and dealings Bloomsbury has with its customers, authors and agents, suppliers and other third parties. Bloomsbury has whistleblower procedures enabling employees to have their concerns confidentially addressed and has a formal policy on ethical behaviour which is included within employment terms.
- **Employee development:** Bloomsbury is acquisitive and has benefited from an intake of high calibre entrepreneurs who support the Group's capacity to innovate. The Group develops its management structure to serve the changing needs of customers and authors. This creates opportunities for suitably high calibre individuals to progress to increasing levels of seniority as they gain capabilities and expertise. External recruitment is supported by a centralised Human Resources function enabling vacancies across sites worldwide to be filled internally where employees of an appropriately high calibre seek new opportunities.
- **Performance and merit:** Senior employees agree personal objectives and are rewarded based on performance determined by business results and appraisals. Senior managers are accountable for the performance of their teams and determine the most appropriate approach to performance management for each team. Promotions and external recruitment are based on merit and ensure that the most suitable person is selected for positions.
- **Employee participation:** As set out in the Directors' Remuneration Report on pages 39 to 45, the Company offers UK employees the opportunity to participate in an all employee HM Revenue and Customs approved Sharesave scheme to encourage employee participation in the performance and growth of the Group. High performing senior employees may also be eligible to participate in the Company's Performance Share Plan (PSP).
- **Flexible working:** We have family friendly working practices such as flexible working hours and recognise that experienced employees returning to work following maternity, paternity or other career breaks are an asset.
- **Equality of opportunity:** Bloomsbury has a diverse workforce and follows a policy that no employee or other person receives more or less favourable treatment on the grounds of gender, sexual orientation, colour, race and ethnic origin, nationality, religion, disability or age. This extends to any person known to be HIV positive. The Human Resources function monitors compliance with the policy and with applicable legislative requirements to ensure the equality of opportunity in the recruitment, selection and promotion of employees. Grievance and disciplinary procedures protect employees from discriminatory behaviours and attitudes.
- **Disabled persons:** Group policy is to offer equal treatment in respect of the recruitment, training, career development and promotion of disabled persons. Where people become disabled during the course of their employment, the Group will seek to retain their services and to provide retraining where necessary.
- **Health and safety:** The Company Secretary reporting to the Chief Executive in respect of Health and Safety ("H&S") heads an H&S team that ensures Group-wide compliance with H&S policy. H&S incident reports are reviewed by the Board and at senior team meetings. The H&S team works closely with management and employees to ensure that the H&S policy is effectively communicated, implemented and maintained across the business. Managers of the worldwide sites are accountable for ensuring their areas of the business are in compliance with H&S policy.

Environment

The Board recognises that a responsible approach to the environment is attractive to its existing and prospective customers and authors. Customers can require Bloomsbury to demonstrate that the Group is a good corporate citizen during the tender process for new and existing contracts.

The impact to the environment from our business predominantly arises from the activities we subcontract to our suppliers including the printing, production, distribution, recycling and disposal of printed books. The Company also has office based design, editorial, sales and administrative activities which operate through an employee workforce based at offices in the UK, US (New York), Germany (Berlin) and Australia (Sydney).

Our policy is to reduce both the financial cost to the business and the impact of the business on the environment. We employ specialist independent external advisors, Trucost, to monitor our impact on the environment. Key areas where we are active in reducing the direct and indirect environmental impact of the business include:

- **Book Printing:** We monitor the impact of our major suppliers and engage with them to reduce the environmental impact where possible. We stipulate that the pulp used to produce the papers for our books comes from well-managed forests and encourage our suppliers to obtain Forest Stewardship Council (FSC) accreditation and use FSC certified papers. The majority of our UK and European suppliers are FSC Chain of Custody certified as are several of our main Far Eastern colour printers.
- **Online print:** We are increasingly moving to electronic media that will avoid using natural resources.
- **Building and office facilities:** Most of our employees travel to work by public transport and we support part time and home-working. We intend to consolidate several of our UK offices into a single London premises during 2011 which should reduce the carbon footprint of our employees as the business continues to grow. For most employees we have implemented separate recycling bins for different waste materials so that a significant proportion of our office waste is recycled. Where practical, lights are fitted with motion detectors and our office policy is to turn off lights out of hours when not in use.

We have previously taken advice from the Carbon Trust and implemented their recommendations to reduce our

carbon footprint. For example, we use point of use instead of bottled water coolers and fit them with timer plugs, fit energy efficient lamps, ensure heating systems are regularly maintained and programmed efficiently, turn off unnecessary electrical equipment such as photocopiers out of hours amongst other measures.

Environmental Results and Targets

Our direct operations are predominately office-based and have been independently assessed as having a low impact on the environment. We monitor the normalised long term average greenhouse gas and waste production for our office based employees and our target is to reduce this average per employee over the long term. The Group's consumption of natural resources, although relatively minor, is significantly impacted by ambient weather conditions beyond our control and by the buildings we lease.

Greenhouse Gases

Our independent external advisor, Trucost, has calculated the tables below based on the data we have provided to them. For ease of comparison, figures are reported for the 12 months to 31 December for 2010 and 2009. We report on our waste production and greenhouse gas emissions aligning with the 2006 Government Guidelines, Environmental Key Performance Indicators and Reporting Guidelines for UK Businesses. In respect of greenhouse gases, we report consumption of natural gas, vehicle fuel and electricity in kWh, converted to CO₂-e following the protocols provided by the Department for Environment Food, and Rural Affairs (Defra). Emissions have been categorised against the Greenhouse Gas Protocol scopes of reporting. This information is unaudited.

Greenhouse Gases: Scope 1 Direct Impacts

| Greenhouse Gases | Definition | Data Source and Calculation Methods | Quantity | | | |
|---------------------|---|--|------------------------------------|------|--|------|
| | | | Absolute Tonnes CO ₂ -e | | Normalised Tonnes CO ₂ -e Per £m Turnover | |
| | | | 12 months to 31 December | | 12 months to 31 December | |
| | | | 2010 | 2009 | 2010 | 2009 |
| 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. | 89 | 55 | 0.99 | 0.63 |
| Company Cars | Emissions from petrol consumption | Yearly consumption in litres calculated from fuel bills. Converted according to Defra Guidelines. | 42 | 32 | 0.46 | 0.37 |
| Total Scope 1 | | | 131 | 87 | 1.45 | 1.00 |

Corporate Responsibility

Greenhouse Gases: Scope 2 Supply Chain Impacts

| Greenhouse Gases | Definition | Data Source and Calculation Methods | Quantity | | | |
|------------------|---|---|------------------------------------|------|--|------|
| | | | Absolute Tonnes CO ₂ -e | | Normalised Tonnes CO ₂ -e Per £m Turnover | |
| | | | 12 months to 31 December | | 12 months to 31 December | |
| | | | 2010 | 2009 | 2010 | 2009 |
| Electricity Use | Directly purchased electricity, which generates Greenhouse Gases including CO ₂ -e 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. | 255 | 215 | 2.81 | 2.46 |

Waste

Below we report our waste disposal by method of disposal in metric tonnes per annum and normalised to turnover.

| Waste | Definition | Data Source and Calculation Methods | Quantity | | | |
|----------|--|--|--------------------------|------|-----------------------------------|------|
| | | | Absolute Tonnes | | Normalised Tonnes Per £m Turnover | |
| | | | 12 months to 31 December | | 12 months to 31 December | |
| | | | 2010 | 2009 | 2010 | 2009 |
| 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. | 54.4 | 55.2 | 0.60 | 0.63 |
| 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. | 38.0 | 36.3 | 0.42 | 0.42 |

Water consumption

| Water | Definition | Data Source and Calculation Methods | Quantity | | | |
|-------------------|--------------------------|---|--------------------------|-------|---|------|
| | | | Absolute Cubic Metres | | Normalised Cubic Metres Per £m Turnover | |
| | | | 12 months to 31 December | | 12 months to 31 December | |
| | | | 2010 | 2009 | 2010 | 2009 |
| Water consumption | Directly purchased water | Yearly volume of water purchased, calculated from Germany bills. Data scaled up by number of employees to estimate consumption for operations in the US and UK offices. | 4,040 | 2,848 | 44.6 | 32.7 |

Board of Directors

Executive Directors

Nigel Newton

Founder and Chief Executive

Nigel Newton was born and raised in San Francisco and is a dual citizen of the US and UK. He read English at Cambridge. After working at Macmillan Publishers, he joined Sidgwick & Jackson. He left Sidgwick in 1986 to start Bloomsbury. Bloomsbury floated on The London Stock Exchange in 1994 and has grown organically and through strategic acquisitions and partnerships. Bloomsbury publishes over 1,000 books a year from its offices in the UK, USA, Germany and Australia. Bloomsbury authors include JK Rowling, John Irving, David Guterson, Margaret Atwood, Daniel Goleman, Ben McIntyre, Kate Summerscale, Elizabeth Gilbert, Heston Blumenthal, Hugh Fearnley Whittingstall and Khaled Hosseini.

Nigel Newton serves as President of Book Aid International, Chairman of the Charleston Trust, Member of the Man Booker Prize Advisory Committee, past Chair of World Book Day (2006), past member of the Publishers Association Council, Board Member of the Churchill Centre, Member of the Visiting Committees of Cambridge University Library and Qatar University Library, and Chairman of Rescue The Cuckmere Valley.

Wendy Pallot

Finance Director

Wendy Pallot is a graduate Chartered Accountant who qualified with Coopers & Lybrand with whom she spent 8 years. She was Group Finance Director for GCap Media plc, the UK's leading commercial radio operator and formerly listed on the UK Main Market, from 2005 until its takeover by Global Radio in 2008. She was Group Finance Director of GWR Group plc, a leading UK radio operator formerly listed on the UK Main Market, from 2001 until its merger with Capital Radio plc in 2005 to form GCap Media plc. Wendy Pallot is the Chairman and one of the co-founding partners of a company operating a number of local radio stations. She is also a Governor of the Central School of Ballet.

Richard Charkin

Executive Director

Richard Charkin joined the Bloomsbury Board as an Executive Director in October 2007. 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 and Executive Director of Verlagsgruppe Georg von Holtzbrinck. His other publishing interests include being Non-Executive Director of Institute of Physics Publishing, a member of the UK Literary Heritage Committee, Visiting Professor at the University of the Arts London, Director of the Federation of European Publishers and the International Publishers Association and he was President of the Publishers Association.

Non-Executive Directors

Jeremy Wilson

Independent 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 also Vice Chairman of Barclays Corporate, 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. He is Chairman of CHAPS Co, Chairman, BAFT-IFSA, the global commercial banking industry body, Chairman of the Banking Environment Initiative, a Director of TheCityUK, and is responsible for a number of other Financial Service and industry initiatives within the UK and globally.

Ian Cormack

Independent Non-Executive Director Senior Independent Director Chair of the Audit Committee

Ian Cormack joined the Bloomsbury Board on board on 1 January 2011 and is the senior independent director. He has had a successful City career in leading international and UK roles at AIG, Citigroup and Citibank, where he spent over thirty years. A former member of the Chancellor's City Advisory Panel, he has served on committees for the London Stock Exchange, CHAPS, APACS, the European Securities Forum, Cedel and the Bank of England. He is currently Chairman of Maven Income & Company VCT4 plc and a Director of several other organisations including the Qatar Financial Centre, with whom Bloomsbury has a trading relationship, Phoenix Group Holdings, Aspen Bermuda, and National Angels Ltd. Ian Cormack is also an active member of the Development Council for the National Theatre and the Campaign Committee of Pembroke College, Oxford.

Sarah Jane Thomson

Independent Non-Executive Director Chair of the Remuneration Committee

Sarah Jane Thomson joined the Bloomsbury Board in May 2010. She founded Thomson Intermedia Plc in 1997 (now Ebiquity Plc), a media information business using internet and technology to capture and deliver real-time advertising creatives and expenditure data for businesses. The company was floated on AIM in 2000 and she remains on the Board. In 2006, she founded First News, the weekly newspaper for children which has become the most widely read children's publication in the UK and she continues to be actively involved in driving the business forward. Her other roles include: founder of Priority One, an IT outsourcing business serving medium size businesses in Central London, and joint CEO of Addictive Interactive, a newly launching Social Network for brands. Her previous roles include: Head of Information at Valin Pollen (Public Relations Consultancy) and Sales & Marketing Director at Mintel (Global Consumer, Product and Market Research).

Board of Directors

Membership of Board Subcommittees

| Committee | Members | Date appointed | Date resigned |
|-------------------------------|----------------------|----------------|------------------|
| Audit Committee | Ian Cormack** | 1 January 2011 | – |
| | Michael Mayer* | – | 31 December 2010 |
| | Charles Black* | – | 28 May 2010 |
| | Sarah Jane Thomson | 28 May 2010 | – |
| Remuneration Committee | Sarah Jane Thomson** | 28 May 2010 | – |
| | Ian Cormack | 1 January 2011 | – |
| | Jeremy Wilson | – | – |
| | Charles Black | – | 28 May 2010 |
| | Michael Mayer* | – | 31 December 2010 |
| Nomination Committee | Nigel Newton** | – | – |
| | Charles Black* | – | 28 May 2010 |
| | Michael Mayer* | – | 31 December 2010 |
| | Jeremy Wilson | – | – |
| | Ian Cormack | 1 January 2011 | – |
| | Sarah Jane Thomson | 28 May 2010 | – |

* Charles Black was Chair of the Audit Committee and Chair of the Remuneration Committee during the year until his retirement from the Board on 28 May 2010. Michael Mayer was acting chairman of the Audit Committee from 28 May 2010 until his retirement from the Board on 31 December 2010.

** Ian Cormack was Chair of the Audit Committee and Sarah Jane Thomson was Chair of the Remuneration Committee throughout the period from their respective date of appointment. Nigel Newton was Chair of the Nomination Committee throughout the period.

Company Secretary

Michael Daykin is a graduate Chartered Company Secretary and Chartered Accountant and joined as company secretary in February 2011. He has held group company secretary and senior roles in a number of UK Main Market listed companies.

Divisional Managers

The following are key managers who head the divisions and functions of Bloomsbury's worldwide operations.

Emma Hopkin joined Bloomsbury in May 2011 as Managing Director of Bloomsbury Children's and Educational Publishing from Macmillan Children's Books where she was Managing Director and led acquisition projects. She has held senior business development and management roles in a number of international publishing businesses.

Jonathan Glasspool is Managing Director of Bloomsbury Academic and Professional having held a number of senior business development and publishing roles since joining the Bloomsbury group in 1999. Prior to Bloomsbury, he held several senior roles in international publishing businesses including assignments overseas in Asia and Australasia. Jonathan is an MBA and a Masters graduate in English.

Dr Kathy Rooney is Managing Director of Bloomsbury Information having held a number of senior overseas and UK business development and management roles since joining Bloomsbury in 1987. She is a Ph.D graduate and winner of the Kim Scott-Walwyn Prize for professional achievements of women in publishing.

Evan Schnittman is Managing Director of Group Sales and Marketing and has over 25 years of digital and print publishing experience. He has held senior business development and corporate roles in a number of international publishing businesses. He is widely known in the industry as a thought leader, speaker and writer on the key issues facing content companies in the digital world.

Penny Edwards joined the Company in 1987 and has been head of production for Bloomsbury since 1994. She was appointed Group Production Director in March 2011. Penny is responsible for the procurement of global pre-press and manufacturing services, development of the international supply chain to support worldwide sales and managing all aspects of production.

Directors' Report

The Directors submit their report and the audited financial statements for the Group for the period ended 28 February 2011. Bloomsbury Publishing Plc is a company incorporated in England and Wales with its principal place of business and registered office at 36 Soho Square, London W1D 3QY.

In accordance with the requirements of the Companies Act, the Company is required to produce a fair view of the business, including a description of the principal risks and uncertainties facing the company. This is set out in the Overview, the Business Review and the Governance sections on pages 1 to 45, which provide information about the Group, all of which are incorporated into this Directors' Report by reference.

Corporate Responsibility

A summary of the Group's corporate responsibility activities is contained on pages 19 to 22, which forms part of the Directors' Report.

Corporate Governance

The Group's report relating to the UK Corporate Governance Code disclosures is contained on pages 33 to 38 and forms part of the Directors' Report.

Principal activities

The principal activities of the Group are the provision of publishing services, the development of electronic reference databases, the provision of managed services and related activities.

Directors

The names of the Directors as at the date of this report, together with biographical details, are set out on page 23, which forms part of the Directors' Report. The Directors serving on the board of the Company during the period were as follows:

| | | Date appointed | Date resigned |
|--|-----------------|----------------|------------------|
| Executive Directors | | | |
| Nigel Newton | Chief Executive | – | – |
| Colin Adams | | – | 8 April 2011 |
| Richard Charkin | | – | – |
| Independent Non-Executive Directors | | | |
| Jeremy Wilson | Chairman | – | – |
| Charles Black | | – | 28 May 2010 |
| Ian Cormack | | 1 January 2011 | – |
| Michael Mayer | | – | 31 December 2010 |
| Sarah Jane Thomson | | 28 May 2010 | – |

Following the end of the period, Wendy Pallot was appointed as Finance Director on 8 April 2011.

Overseas activities

The Group has overseas subsidiaries that are based and operate in Australia, Continental Europe and North America. These generally allow local employed teams to deliver services locally to authors and customers. The Group has UK based sales, marketing and editorial people who are involved in business development and travel to various countries worldwide.

Results

The Key Performance Indicators for the Group include revenue, profit before tax and profit before taxation and highlighted items (amortisation of intangible assets, impairment of goodwill and other highlighted items) and tax. Group revenue for the 14 month period to 28 February 2011 was £103.4m (12 months 2009: £87.2m); the Group's profit before tax for the period was £4.2m (2009: £7.1m); and group profit before taxation and highlighted items for the period was £7.7m (2009: £7.7m). Profit after tax for the period was £2.2m (2009: £5.0m).

Dividends

During the period the Company paid an initial interim dividend of 0.81p to shareholders on the register on 22 October 2010 and after the period end a second interim dividend of 3.91p was paid to shareholders on the register on 3 May 2011. The Directors recommend a final dividend of 0.28p (2009: 3.65p) per share, amounting to £0.2m (2009: £2.7m), making a total of 5.00p (2009: 4.43p) per share and £3.7m (2009: £3.3m) for the period. The final dividend will be payable on 27 September 2011 to shareholders on the register on 26 August 2011.

Directors' Report

Details of Directors' service contracts and Directors' interests in shares and options are shown in the Directors' Remuneration Report on pages 39 to 45. Other than as disclosed in the Directors' Remuneration Report, none of the Directors held any interest, either during or at the end of the financial period ending 28 February 2011, in any material contract or arrangement with the Company or any subsidiary undertaking.

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

The effect of the Company's Articles of Association is to require that at least approximately one third of Directors who have remained in office for the longest period since being elected or re-elected and any Director who did not stand for re-election in either of the two preceding AGMs must retire by rotation. The Articles also require that new Directors appointed by the Board must offer themselves for re-election at the next AGM. Accordingly, Jeremy Wilson and Nigel Newton retire by rotation at the forthcoming Annual General Meeting. Both these directors, being eligible, offer themselves for re-election. Wendy Pallot, Ian Cormack and Sarah Thomson are new directors appointed by the Board during the period and, being eligible, offer themselves for election. The Nomination Committee has considered the performance of Jeremy Wilson, Nigel Newton, Wendy Pallot, Ian Cormack and Sarah Thomson and recommends each for re-election or election.

The terms of termination of the Directors' contracts are described in the Directors' Remuneration Report set out in pages 39 to 45 which includes details of any agreements by which the Company would pay compensation to its directors for loss of office, for loss of employment or for a change of control of the Company.

Directors' Indemnities & Insurance

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

Charitable and political donations

The Group made charitable donations of £10,000 in respect of the period (2009: £100). Details of the non-cash support given by the charitable and voluntary activities of the Company are as set out in the Corporate Responsibility sections on pages 19 to 22.

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

Payment Policy for Suppliers

It is the Company's policy that payments to suppliers are made in accordance with the terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with. The same policy is adopted for the subsidiaries of the Company.

At 28 February 2011 the number of days' credit taken for purchases by the Group was 55 days (2009: 50 days).

Financial Instruments

Treasury activities are controlled and monitored by the Finance Director and are carried out in accordance with policies approved by the Board. The Finance Director has delegated authority to approve financial transactions within agreed frames of reference and levels of authority.

The Group's principal financial instruments, other than derivatives, comprise trade receivables, rights income receivables, trade payables, royalties payable, leases, cash and short term deposits. The purpose of the policies summarised below is to ensure that adequate cost effective funding is available to the Group and exposure to financial risk – interest rate, credit, liquidity and currency risk – is minimised. Group policy permits the use of derivative instruments but only for reducing exposures arising from underlying business activity and not for speculative purposes.

Derivatives including foreign exchange forward contracts have not been used during the year. Derivatives and financial instruments are only entered into when there is a commercial justification and with counterparties which fulfil predetermined credit criteria.

a) Interest Rate Risk

The Group policy is to continuously monitor the rates of interest available on cash deposits and to place deposits at the best available rate using only low risk high grade bank deposit facilities.

b) Credit Risk

Authorised credit limits are set for new corporate customers based on an assessment of credit worthiness and on reports from third party credit checking agencies where appropriate.

c) Liquidity And Cash Flow Risks

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of its own resources, cash balances and leases. The policy is to ensure that the Group has adequate committed bank facilities available.

d) Currency Risks

The receipts and payments of overseas trading operations are largely in their local currency and therefore only material transactions would be hedged. The Group is subject to currency exposure on the translation of the profits and net assets of overseas subsidiaries. It is policy not to hedge exposures arising from profit and net asset translation on consolidating overseas subsidiaries as these are not material to the Group; the Board keeps this policy under review. The main foreign currencies in which the Group operates are Euros, US Dollars and Australian Dollars.

Going Concern

After making enquiries the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Consolidated and Company financial statements in accordance with Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009, published by the Financial Reporting Council in October 2009. Further going concern disclosure is given in the financial statements as noted in the Basis of Preparation section of the Accounting Policies on page 56.

Future developments

The Group intends to continue to develop the range of its publishing businesses and other services. Although the primary focus of the Group is on organic growth, acquisitions in these areas of business will be considered. Following the end of the period ended 28 February 2011, the Group was restructured into four publishing divisions.

Share capital and rights attaching to the company's shares

The share capital of the Company comprises a single class of ordinary 1.25p shares ("ordinary shares"). As at the date of this Directors' Report, there were 73,844,724 fully paid issued shares, all listed on the London Stock Exchange, with a further 17,844,224 ordinary shares that the directors are authorised to

issue. Details of the issued share capital of the Company can be found in note 14 together with details of the shares issued and cancelled during the period.

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

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).

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

The Directors may refuse to register any transfer which is not a fully-paid share, although such discretion may not be exercised in a way which the Financial 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.

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 Group require approval of the Company to deal in the Company's shares.

Directors' Report

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

Authorities to allot shares and pre-emption rights

Notice of the 2011 Annual General Meeting contained on pages 106 to 110 sets out an ordinary resolution renewing the authority for the directors to allot shares under Section 551 of the Companies Act. If passed at the meeting, the resolution will give the directors the power to allot a maximum of 24,622,800 shares having a nominal value of £307,785 representing approximately 33.3% of the issued share capital of the Company.

Notice of the 2011 Annual General Meeting sets out a special resolution renewing the authority given to the directors to disapply statutory pre-emption rights under Section 571 of that Act to allow shares to be issued for cash or Treasury Shares to be sold for cash on a non-pre-emptive basis. If passed at the meeting this resolution will give the directors the power to issue up to 3,692,160 shares having a nominal value of £46,152 being approximately 5% of the issued ordinary share capital.

Similar authorities that were given to the directors at the last Annual General Meeting to expire at the 2011 Annual General Meeting and it is now proposed such authorities be renewed until the 2012 Annual General Meeting.

Authority to purchase shares

Notice of the 2011 Annual General Meeting contained on pages 106 to 110 sets out a special resolution renewing the authority given to the directors to purchase the Company's own shares on the stock market. This authority also permits the purchase of shares to hold as Treasury Shares. If passed at the meeting, the resolution will give the directors the power to purchase up to 7,384,472 shares having a nominal value of £92,306 being approximately 10% of the issued share capital.

Similar authorities that were given to the directors at the last Annual General Meeting to expire at the 2011 Annual General Meeting and it is now proposed such authorities be renewed until the 2012 Annual General Meeting.

Employee Benefit Trust

Throughout the 14 month period to 28 February 2011, Ogier Employee Benefit Trustee Limited ("Trustee") as trustee of the Bloomsbury Employee Benefit Trust ("Trust") held 88,760 ordinary shares of 1.25 pence in the Company being approximately 0.1% of the issued ordinary share capital. The Trustee may vote on shares held by the Trust at its discretion, but waives its right to a dividend.

As at the date of signing this report, the Trust held 1,600,610 ordinary shares of 1.25 pence being approximately 2.2% of the issued ordinary share capital. The Trust made the following share purchases following the end of the period to the date of signing this report:

| Date of transaction | Number of Ordinary shares of 1.25 pence each purchased | Price per share |
|---------------------|--|-----------------|
| 28-Mar-11 | 35,000 | £1.27 |
| 31-Mar-11 | 615,000 | £1.31 |
| 04-Apr-11 | 10,000 | £1.31 |
| 05-Apr-11 | 185,000 | £1.32 |
| 06-Apr-11 | 27,500 | £1.31 |
| 07-Apr-11 | 639,350 | £1.32 |

Substantial Shareholdings

As at 20 June 2011, substantial shareholdings of 3% or more of the shares in the Company notified to the Company, or per the share register, are set out below:

| | Ordinary shares number | % issued shares* |
|--------------------------------|------------------------|------------------|
| Schroder Investment Management | 10,437,047 | 14% |
| Aberdeen Asset Management | 8,080,895 | 11% |
| Black Rock | 7,563,272 | 10% |
| Capital Research Management Co | 5,405,000 | 7% |
| JP Morgan Chase & Co | 2,932,036 | 4% |
| Legal & General Group | 2,706,560 | 4% |
| Standard Life Investments | 2,644,978 | 4% |
| Newton Investment Management | 2,613,945 | 4% |
| Charles Stanley stockbrokers | 2,263,964 | 3% |
| Scottish Widows | 2,223,926 | 3% |

* Based on 73,844,724 issued shares.

Share purchases

During the period the Company purchased 171,500 own shares of 1.25 pence being approximately 0.2% as follows:

| Date of purchase | Number of own ordinary shares of 1.25p each purchased | Price per share £ | %issued share capital* |
|------------------|---|-------------------------|------------------------------|
| 20-May-10 | (79,000) | £1.09 | 0.1% |
| 28-May-10 | (80,000) | £1.09 | 0.1% |
| 11-Jun-10 | (12,500) | £1.14 | 0.0% |

* Based on 73,844,724 issued shares.

All shares purchased during the period were cancelled and no shares were held as Treasury Shares. The purchase of shares was undertaken to take advantage of temporarily weak market conditions and to use cash favourably.

Changes of control

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

The Company's share incentive schemes contain provisions relating to a change of control of the Company following a takeover bid (see note 18 for further details of the share incentive schemes). Under these provisions, a change of control of the Company would normally be a vesting event, facilitating the exercise of awards, typically subject to the discretion of the Remuneration Committee.

Contracts and arrangements essential to the business

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

The Group depends on its reputation as there is a tendency for its authors and customers to behave collectively in the selection of their publishing service provider.

Cautionary Statement

Under s417 of the Companies Act 2006, a company's Directors' Report is required, among other matters, to contain a fair review by the directors of the Group's business through a balanced and comprehensive analysis of the development and performance of the business of the Group and the position of the Group at the period end, consistent with the size and complexity of the business. The Directors' Report together with all sections incorporated into it by reference has been prepared only for the shareholders of the Company. Its sole purpose and use is to assist shareholders to exercise their governance rights. In particular, the Directors' Report has not been audited or otherwise independently verified. The Company and its directors and employees are not responsible for any other purpose or use or to any other person in relation to the Directors' Report.

The Directors' Report contains indications of likely future developments and other forward looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the sectors, countries and business divisions in which the Group operates. These factors include, but are not limited to, those discussed under Risk Factors on pages 17 and 18 and in note 22 on pages 97 to 102. These and other factors could adversely affect the Group's results, strategy and prospects. Forward looking statements involve risks, uncertainties and assumptions. They relate to events and/or depend on circumstances in the future which could cause actual results and outcomes to differ materially from those currently anticipated. No obligation is assumed to update any forward looking statements, whether as a result of new information, future events or otherwise.

Auditors

a) Reappointment of the Auditor

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

b) Statement as to Disclosure of Information to the Auditor

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. 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.

Directors' Report

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare group and company financial statements for each financial period. The Directors are required under the Listing Rules of the Financial Services Authority to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 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.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing 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 IFRSs 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 adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed in the Directors' Report confirms that, to the best of their knowledge:

- a. the financial statements, prepared in accordance with IFRS as adopted by the EU give a true and fair view of the assets, liabilities, financial position and profit of the company and the undertakings included in the consolidation taken as a whole; and
- b. the Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, www.bloomsbury-ir.co.uk.

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

2011 Annual General Meeting

The Annual General Meeting will be held at 36 Soho Square, London W1D 3QY on 11 August 2011 at 12 noon.

The ordinary business to be proposed at the annual general meeting

Resolutions 1 to 3 (ordinary resolutions):

The audited report and accounts of Bloomsbury Publishing Plc and a final dividend of 0.28 pence per Ordinary Share for the period ended 28 February 2011 are recommended by the Board for approval.

The Directors' Remuneration Report, which includes details of the remuneration earned by, and paid to, the Directors in respect of the period ended 28 February 2011, is recommended to Shareholders for approval.

Resolutions 4, 5 and 6 (ordinary resolutions):

The Articles of Association of the Company requires that any Director appointed by the Board during the year will only hold office until the next annual general meeting, when he or she must be re-appointed by the Shareholders in general meeting.

Sarah Jane Thomson, Ian Cormack and Wendy Pallot were respectively appointed on 25 May 2010, 1 January 2011 and 8 April 2011 and therefore must be reappointed by the Shareholders at the AGM to continue in office. The Board has considered their performance since initially being appointed and recommends Sarah Jane Thomson, Ian Cormack and Wendy Pallot for re-appointment.

Resolution 7 (ordinary resolution):

In compliance with the Articles of Association of the Company, one-third of the Directors who are subject to retirement by rotation are required to retire at the AGM. Jeremy Wilson, who was last re-appointed as a Director at the annual general meeting of the Company held in 2009, will retire at the AGM and, being eligible, offers himself for re-appointment. The Board has considered his annual performance evaluation and recommends the reappointment of Jeremy Wilson.

Resolution 8 (ordinary resolution):

In compliance with the Articles, Directors who did not stand for re-election in either of the two preceding AGMs who are subject to retirement by rotation are required to retire at the AGM. Nigel Newton, who was last re-appointed as a Director at the annual general meeting of the Company held in 2008, will retire at the AGM and, being eligible, offers himself for re-appointment. The Board has considered his annual performance evaluation and recommends the reappointment of Nigel Newton.

Resolution 9 (ordinary resolution):

The Board recommends that the incumbent external auditor, Baker Tilly UK Audit LLP, is re-appointed for a further year so that they are able to audit the Company's report and accounts for the year ending 28 February 2012 and the Board proposes that it be authorised to determine the level of the auditors' remuneration.

The special business to be proposed at the annual general meeting

Resolution 10 – authority to allot Ordinary Shares (ordinary resolution):

This replaces the general authority, last given at the Company's annual general meeting held on 28 May 2010, for the Directors to allot Ordinary Shares. Resolution 10 would give the Directors the authority to allot up to 24,614,880 Ordinary Shares, representing approximately 33.3% of the issued ordinary share capital of the Company as at 19 June 2011 (being the last practicable date before the publication of this document).

This authority, if granted, will expire on the earlier of the conclusion of the Company's next annual general meeting and 15 months from the date of passing this resolution. The Board has no present intention of exercising this authority granted by Resolution 10 and intends to seek its renewal at subsequent annual general meetings of the Company.

Resolution 11 – disapplication of statutory pre-emption provisions (special resolution):

Resolution 11, which will be proposed as a special resolution, authorises the Directors to allot Ordinary Shares for cash without first offering them, pro rata, to existing Shareholders.

The maximum nominal value of new Ordinary Shares which may be so allotted under this authority is £46,152, being equivalent to approximately 5% of the entire issued ordinary share capital of the Company as at 19 June 2011 (being the last practicable date before the publication of this document). This authority would expire on the earlier of the conclusion of the Company's next annual general meeting and 15 months from the date of passing this resolution.

Directors' Report

Resolution 12 – authority for the Company to purchase Ordinary Shares (special resolution):

With the authority of Shareholders in general meeting, the Company is empowered by the Articles of Association to purchase Ordinary Shares subject to the provisions of the Companies Act 2006. The Directors believe it is prudent to seek general authority from Shareholders to be able to act if circumstances arose in which they considered such purchases to be desirable. The Directors have no current intention to exercise this authority granted by Resolution 12 and it will only be exercised if and when, in the light of market conditions prevailing at that time, the Directors believe that such purchases would increase earnings per share and would be for the benefit of Shareholders generally.

Resolution 12, which will be proposed as a special resolution, authorises the Company to purchase its own Ordinary Shares and either, depending on the circumstances at the time and subject to the provisions of the Companies Act 2006, to hold these as treasury shares or to cancel them. This authority would, if granted, expire on the earlier of the conclusion of the Company's next annual general meeting and 15 months from the date of passing this resolution.

The Company would be authorised to make market purchases of up to 7,384,472 Ordinary Shares, being equivalent to approximately 10% of the issued ordinary share capital (excluding treasury shares) of the Company as at 19 June 2011 (being the last practicable date before the publication of this document). The maximum price (exclusive of expenses) shall be not more than 5% above the average market value of the Company's equity shares for the 5 business days prior to the day the purchase is made. The minimum price (exclusive of expenses) that may be paid shall be the nominal value of an Ordinary Share (1.25 pence).

Resolution 13 – authority for the Company to purchase Ordinary Shares (special resolution):

Changes made to the Companies Act 2006 by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days (AGMs will continue to be held on at least 21 clear days' notice).

Before the coming into force of the Shareholders' Rights Regulations on 3 August 2009, the Company was able to call general meetings other than an AGM on 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, Resolution 13 seeks such approval. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed.

Action to be taken

A reply-paid form of proxy for use at the AGM is enclosed. Whether or not you are able to attend the AGM, you are advised to complete and return the form of proxy in accordance with the instructions printed on it. The form of proxy should be completed and returned as soon as possible to Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent, BR3 4BR and, in any event, so as to reach such address no later than 48 hours before the appointed commencement time of the AGM (for which a prepaid business reply service has been provided). You may also deliver it by hand to Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU during usual business hours, by such time.

Recommendations

The Board considers that the passing of Resolutions 1 to 13 is in the best interests of the Company and of the Shareholders as a whole, and the Board unanimously recommends that you vote in favour of them, as each of the Directors intends to do in respect of his own beneficial holdings of shares in the Company, being in aggregate approximately 2.6% of the Ordinary Shares in issue.

By order of the Board

Michael Daykin FCIS, FCA
Group Company Secretary
23 June 2011

Corporate Governance

The Board of Bloomsbury Publishing Plc (the "Board") is committed to achieving the highest standards of corporate governance. The Listing Rules of the Financial Services Authority require a statement of how a UK company listed on the London Stock Exchange has applied the Main Principles set out in the Combined Code on Corporate Governance revised June 2008 (the "Code") and whether the Company has complied with all relevant provisions set out in the Code throughout the accounting period up to the date of signing of the Directors' Report.

Confirmation of Compliance with the Code

The Board confirms that it has applied the principles and complied fully with all provisions of the Code in respect of the period ending 28 February 2011 except for provisions:

- A.4.1 which requires that the Chairman of the Board or an independent non-executive director should chair the Nomination Committee. The Nomination Committee is formed of three independent non-executive directors, including the Chairman of the Board, and the Chief Executive who continued to chair the Committee. The Board considers that provision A.4.1 is complied with fully in all other respects and that the principle A.4 is applied effectively in that there is a formal, rigorous and transparent procedure for the appointment of new directors to the board. In particular, the Committee engages external recruitment consultants and during the period the Company replaced two long standing non-executive directors with two new independent non-executive directors. Directors are appointed to the Board on merit and one third of the Board are women.
- A.7.2 which requires that Non-Executive Directors should be appointed for a specified period. The current letter of appointment of Jeremy Wilson dated 31 October 2007 does not specify a fixed date before requiring the renewal of his appointment and instead specifies a fixed notice period of 3 months by either party. The Board considers that provision A.7.2 has been complied with fully in all other respects and that principle A.7 is applied effectively in that all directors are submitted for re-election at regular intervals, subject to continued satisfactory performance. Further, the board ensures planned and progressive refreshing of the board.

Board

The directors are responsible to the shareholders for ensuring that the Company is appropriately managed and that it achieves its objectives.

The Board has met ten times during the period for main Board meetings to review the Group's strategic direction, operating and financial performance and to oversee that the Company is adequately resourced and effectively controlled. The Board comprises the independent non-executive Chairman, Senior Independent Director, a further independent non-executive director, Chief Executive, Finance Director and a further executive director.

The Board has approved the matters specifically reserved for consideration by the Board. The Board determines the responsibilities and authority of its sub-committees, individual directors and the level of authorities delegated to the management of the business.

The Audit Committee, Nomination Committee and Remuneration Committee have terms of reference approved by the Board that can be found on the Company's website, www.bloomsbury-ir.co.uk. Matters considered at Board meetings during the period have typically included:

- Review and setting of strategy for the Group's operations.
- Review of the management accounts, key performance indicators and full period forecasts produced quarterly.
- Approval of the annual and interim results and Interim Management Statements.
- Review and approval of annual budgets.
- Regular reports by the Chief Executive, proposals and updates on developing business operations, significant investments, major initiatives, other organisational changes and health and safety.
- Reports of the Chairman of sub-committees and minutes following sub-committee meetings.
- Review and approval of decisions, transactions and sensitive policies that are significant to the group such as dividends; the organisational, legal and capital structure of the group; acquisitions of significant literary titles, businesses and companies; and major contracts.
- Evaluation of the effectiveness of the Board and its sub-committees and approval of sub-committee terms of reference.

Corporate Governance

There is a clear division of responsibilities at the head of the Company, with the Chairman responsible for the effective operation of the Board, encouraging the active participation of all directors, and the Chief Executive responsible for the strategic running of the Company's businesses. The Board has approved formal statements describing the role and remit of both the Chairman and Chief Executive, which further emphasise this division of responsibilities. The executive directors regularly hold formal meetings with senior managers as a management team to assist the Chief Executive in fulfilling his operational objectives. This management team makes recommendations to the Board and seeks approval from the Board where required. The Non-Executive Directors constructively challenge and help develop proposals on strategy at meetings specifically set up for the purpose, which are attended by all Board members.

All directors and Board sub-committees have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and advising the Board, through the Chairman, on governance matters. They also have access to independent professional advice, if required, at the Company's expense.

The chairman has held meetings with the non-executive directors without the executives present to discuss relevant matters.

Director independence

The Board considers each of the three Non-Executive Directors, including the non-executive Chairman, 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. Ian Cormack is a non-executive director of the Authority Board of Qatar Financial Centre for whom the Bloomsbury Information publishing division of the Company provides publishing related support services. He does not have any executive responsibilities for the management of either the Qatar Financial Centre or Bloomsbury Information and does not benefit financially from the relationship. The Board is therefore satisfied that this relationship does not affect Mr Cormack's independent judgement.

The Remuneration Committee

The Remuneration Committee comprises solely independent non-executive directors and is chaired by Sarah Jane Thomson. The chairman of the Board, Jeremy Wilson, is one of the three independent non-executive director members of the Remuneration Committee and was considered to be independent on appointment as chairman. The Committee met five times during the period to 28 February 2011. During the period Charles Black and Mike Mayer retired from the Board and the Committee on 28 May

2010 and 31 December 2010 respectively. Sarah Jane Thomson and Ian Cormack joined the Board and the Committee on 28 May 2010 and 1 January 2011 respectively.

The Committee formulates and recommends to the Board the policy for the remuneration of the Chairman of the Board, executive directors including the Chief Executive, Company Secretary and senior executives designated by the Board. It approves the design of, and determines the targets for, reward schemes for the executive directors. The remuneration of the non-executive directors is determined jointly by the Chairman and the executive directors and the remuneration of the Chairman is determined by the executive directors. The Committee is supported by remuneration consultants Hewitt New Bridge Street who work exclusively for the Committee and have no other commercial connection with the company. A statement to this effect is included on the Company's website, www.bloomsbury-ir.co.uk.

The Committee ensures that the contractual terms and payments upon the termination of directors' services are fair and do not reward failure, and that the duty to mitigate loss is fully recognised. It approves the design of employee share incentive plans, the grant of share incentive awards and options to employees and determines whether the performance criteria have been met for the vesting of awards and options. The Committee monitors the remuneration trends for employees generally across the Group and oversees major changes in employee benefits structures.

The Audit Committee

The Audit Committee comprises two independent non-executive directors including the Committee Chairman, Ian Cormack, who has recent and relevant financial experience. The Committee met on four occasions during the period to 28 February 2011. During the period Charles Black and Mike Mayer retired from the Board and the Committee on 28 May 2010 and 31 December 2010 respectively. Sarah Jane Thomson and Ian Cormack joined the Board and the Committee on 28 May 2010 and 1 January 2011 respectively.

The terms of reference of the Committee can be found on the Company's website, www.bloomsbury-ir.co.uk, and set out the role and authority of the Committee. Duties and matters reserved for the Committee include oversight of the relationship and process with the external auditor; review of significant financial information, including assumptions, judgements of management and a critical accounting policies, to be published externally; reviewing the Company's effectiveness of the systems of internal control and risk management; and recommending to the board changes to the Committee's terms of reference.

During the period, the Committee has reviewed the interim and annual results and Interim Management Statements to ensure that they present a fair assessment of the Group's position and prospects before approval by the Board. The Committee approves all significant changes in accounting policies. It has reviewed the Company's statement on internal control systems prior to endorsement by the Board and has reviewed the policies and processes for identifying, assessing and managing business risks.

The Committee evaluates the effectiveness of the external auditor and oversees their appointment, reappointment and fees, ensuring these are adequate for the work they are required to undertake. The Committee monitors the independence and objectivity of the external auditor, ensuring that key audit partners are rotated at appropriate intervals. The Committee reviews the level of non-audit fees relative to audit fees and has approved a formal policy on the provision of non-audit services to safeguard the independence and objectivity of the external auditors. The policy prohibits the external auditor from being engaged on work where their independence could be threatened and requires the pre-approval by the Committee for a non-audit service where the fees of the external auditor would exceed £5,000 or if non-audit fees for the year would exceed audit fees. Further safeguards are employed such as audit and non-audit work being performed by different teams from the external auditor.

The Company has employed an outsourced internal audit function during the period. The Committee reviews the plans, findings and recommendations of the internal auditor, and management's responses to internal audit recommendations. It ensures that the internal audit function is adequately resourced and has appropriate standing within the Company. The Committee evaluates the effectiveness of the internal auditor and makes recommendations to the Board on the removal or appointment of the outsourced internal audit function.

The Committee typically invites the external auditor, internal auditor, Chief Executive and Finance Director to attend meetings. After the period end, the Committee met the external auditor alone without management present, in respect of the period ended 28 February 2011.

The Committee formally reviews the whistle-blowing arrangements of the Company by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters at least annually. The Committee's objective is to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

Nomination Committee

The Nomination Committee comprises three independent directors, including the Chairman of the Board, and the Chief Executive who chairs the Committee.

The Committee meets as required and operates under terms of reference agreed by the whole Board, and which are available on the Group's website. Its role is to regularly review the composition of the Board, consider succession planning and nominate to the Board, for approval, candidates to fill Board vacancies.

The Board formally approves the appointment of all new Directors on the recommendation of the Nomination Committee.

Board appointment process

The Board adopts a formal and rigorous approach to the appointment of directors. The following outlines the typical board appointment process:

- the need to appoint a new director is identified by an existing board member's intention to retire or by the regular monitoring by the Committee of the board's structure, balance, succession planning and need for progressive refreshing which takes account of the findings of the Board's evaluation of the skills and capabilities of Board members;
- the Committee determines the recruitment process;
- the Committee considers the strengths and weaknesses of the Board, the management team and the business to define the experience and capabilities required for the new appointment;
- external recruitment consultants are appointed and briefed with the requirements for candidates; filtering selects a long list of the highest calibre candidates; standard interviews are conducted on the long list by two directors sitting together supported by the external recruitment consultant; and a short list of candidates is recommended to the Committee. The recommended candidates are supported by further detailed background research to confirm their suitability which includes detailed references taken up by the Company;
- the Committee considers whether a suitable high candidate can be selected and, if so, recommends a single candidate to the Board.

The Chairman ensures that new directors receive a full, formal and tailored induction on joining the board. Wendy Pallot, a newly appointed executive director, will be provided with the opportunity to meet major shareholders as part of the investor relations programme of the Company.

Corporate Governance

Re-Election of Directors

All Directors are subject to appointment by the shareholders at the first Annual General Meeting after their appointment, and reappointment thereafter at intervals of no more than three years. Non-executive Directors are appointed for an initial period of three years, subject to reappointment and a notice period by the Company or the director (notice periods are set out in the Directors' Remuneration Report on pages 39 to 45). A policy is followed of progressive refreshing of the Board and the independent non-executive Directors can be expected to retire from the Board by the completion of the third three year period.

Performance Evaluation

The performance of the Board, and of each individual Director, is evaluated through completion of self assessment questionnaires and one-to-one interviews with the Chairman. Upon completing interviews, the Chairman considers the findings and decides on appropriate steps to take which can include further research on the issues raised. Where needed the Chairman holds confidential follow up meetings with individual directors to address concerns they have raised or to address concerns raised about them by other Directors.

The performance evaluation of the Chairman is by the other non-executive directors and is led by the Senior Independent Director. The evaluation is undertaken by completion of a self assessment questionnaire and one-to-one interview with the Senior Independent Director who takes into account the confidential views of the other directors.

The Chairman and Senior Independent Director update the Board on their findings, conclusions and recommendations for approval and implementation by the Board.

The performance of the Audit Committee, Remuneration Committee and Nomination Committee is evaluated using questionnaires to support Board discussion. Improvements to subcommittee processes arising from the evaluations are agreed by the Board and implemented.

Each subcommittee considers its own terms of reference at least annually and, if considered necessary, recommends changes for the Board to approve.

The conclusions of the Board evaluations are considered by the Nomination Committee when reviewing the structure and composition of the Board and succession planning.

Board and Committee Attendance

The table below shows the attendance at Board and subcommittee meetings during the 14 month period ending 28 February 2011. Further meetings of the Directors were convened during the period to discuss specific issues:

| | Board | Remuneration | Audit | Nomination |
|--|-------|--------------|-------|------------|
| Total number of meetings during the period | 10 | 5 | 4 | 3 |
| Executive Directors | | | | |
| Nigel Newton (Chief Executive) | 10 | – | – | 3 |
| Colin Adams | 10 | – | – | – |
| Richard Charkin | 10 | – | – | – |
| Non-Executive Directors | | | | |
| Jeremy Wilson (Chairman) | 10 | 5 | – | 3 |
| Charles Black ¹ | 3 | 2 | 2 | 1 |
| Michael Mayer ¹ | 8 | 4 | 3 | 2 |
| Sarah Jane Thomson ² | 7 | 3 | 2 | 1 |
| Ian Cormack ² | 2 | 1 | 1 | 0 |

¹ Charles Black and Mike Mayer retired from the Board/Committee respectively on 28 May 2010 and 31 December 2010.

² Sarah Jane Thomson and Ian Cormack joined the Board/Committee respectively on 28 May 2010 and 1 January 2011.

In respect of the meetings identified in the table above, all directors attended all meetings arising during their appointment.

Training and development of the Directors

Evaluation of the Board reviews whether the Directors have refreshed their skills and knowledge sufficiently and provides an opportunity for directors to identify where training and development can assist them in the performance of their duties. Development may include, for example, meetings with senior managers to gain an improved understanding of processes and issues specific to the business. Directors are provided with relevant technical reports and updates by the Company Secretary as part of the Board's information process.

The Board is progressively refreshed so that three directors have recently retired and been replaced by new appointments bringing new skills and experience to the Board.

Shareholder Communications

The Annual Report, Interim Reports, Interim Management Statements, AGM and post results announcement presentations are the principal means through which the Company communicates its strategy and performance to its shareholders. All shareholders are welcome to attend the AGM and private investors are encouraged to take advantage of the opportunity given to ask questions. The Chairmen of the Audit, Remuneration and Nomination Committees attend the meeting and are available to answer questions, as appropriate.

The Company maintains an active dialogue with its institutional shareholders and City analysts through a planned programme of investor relations. The programme includes formal presentations of results and post results meetings with the major shareholders and other investors who request meetings. The presentations are made available on the website www.bloomsbury-ir.co.uk. The meetings and presentations provide an opportunity for shareholders to ask questions and to meet the executive directors including the Chief Executive and non-executive directors including the Senior Independent Director. The outcome of regular meetings with the main shareholders, presentations and post results meetings is reported to the Board. This includes both feedback from individual directors and feedback collated from discussions by the Company's corporate broker with the main shareholders. The Company's corporate broker provides regular shareholder analysis to the Board.

At least annually, the Chairman writes to the major shareholders inviting them to meet to discuss governance and strategy and to review with them the Group's performance.

Internal Control and Risk Management

The Code requires the directors to assess at least annually the effectiveness of the Company's systems of internal control which include financial, operational and compliance controls, and risk management. This review has been carried out by the Audit Committee on behalf of the Board.

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness, for setting policy on internal control, and for reviewing the effectiveness of internal control. The role of management is to implement Board policies on risk and control. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material financial misstatement or loss.

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 management. Other decisions outside of these areas are delegated to the Company's management, which reports to the Executive Directors.

The Board has put in place an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in accordance with the guidance of the Turnbull Committee on internal control. This process has been in place for the period under review, and up to the date of approval of this annual report. The process is regularly reviewed by the Audit Committee on behalf of the Board to ensure that the procedures implemented continue to be effective and where appropriate recommendations are made to management to improve the procedures. The Group's system of internal financial control aims to safeguard the Group's assets, ensure that proper accounting records are maintained, that the financial information used within the business and for publication is reliable, that business risks are identified and managed and that compliance with appropriate legislation and regulation is maintained.

Corporate Governance

Internal Control and Risk Management Framework

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

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

Organisational culture: The Group has a highly skilled, professional and committed workforce. The Board is committed to developing a culture of openness, integrity, competence and responsibility. The Board concentrates mainly on strategic and significant organisational issues, approving objectives and monitoring, at a high level, the financial and operational performance against objectives.

Risk and control review: The Group maintains risk logs and a risk matrix supported by the outsourced internal auditor KPMG. The Executive Committee (formerly the Finance Committee) and Board has reviewed the significant risks and ensures appropriate action is being taken to address the risks. The Audit Committee has reviewed the Group's risk matrix when considering the financial statements.

Financial internal control and risk review: The Finance Director formally reviews the internal financial controls taking account of the risks within the financial information systems and reports the findings of this review to the Audit Committee. Analytical review of operating results and detailed control questionnaires completed for the publishing divisions and overseas offices supplement management's knowledge of the business for the evaluation of the risks and assessment of the internal financial controls. The Audit Committee also receives independent reports on the internal financial controls and risks provided by the internal auditor. The Audit Committee receives other reports from management relevant to the internal financial controls such as reports on the progress of key group projects including the implementation of a new accounting and management information system.

Authority levels: The Board sets the level of authority required, before Board approval is needed, to commit the Group or to undertake transactions. It also approves budgets and other performance targets. Business publishing divisions and business functions operate within these authority levels and budgets and determine the authority to be delegated to individual managers.

Financial management reporting: The Board approves annual budgets. Sales are reported daily, weekly and monthly. Financial results of the business operations are reported monthly and compared to budgets. Detailed forecasts for the Group are updated regularly and reviewed by the Board. The Finance Director approves author advances in the balance sheet.

Acquisition procedures: Established procedures, such as the review and approval by an executive director of acquisition proposals of rights to new books, are operated within set authority limits and used for transactions in the ordinary course of business such as for acquisition of books for future publication. Acquisitions exceeding delegated authority limits require approval by the Board. Acquisition of companies and businesses are approved by the Board.

Accountability: The Group has clearly defined lines of responsibility headed by the Chief Executive and Executive Committee to control the publishing divisions and business functions. Each overseas office has a local manager who is responsible for operational effectiveness and the local internal controls. Detailed operational and financial performance data are monitored by supervisory management to ensure the performance of operations is in line with targets. The reasons for variances and under performance are established by supervisory line management.

Internal audit: An outsourced internal audit function provided by KPMG, undertakes a programme agreed with the Audit Committee to review the internal controls. Its conclusions are communicated to senior management and the Audit Committee. The Audit Committee considers reports from external and internal audit to ensure that adequate measures are being taken by management to address risk and control issues. The outsourced internal audit function reports to the Chairman of the Audit Committee.

Directors' Remuneration Report

Introduction

This report has been prepared on behalf of the Board by the Remuneration Committee in accordance with Schedule 8 to the Accounting Regulations under the Companies Act 2006. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to Directors' remuneration in The Combined Code on Corporate Governance revised June 2008 (the "Code"). As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

The Act requires the auditors to report to the Company's members on certain parts of the Directors' Remuneration Report and to state whether in their opinion those parts of the report have been properly prepared in accordance with the Accounting Regulations. The report has therefore been divided into separate sections for audited and unaudited information.

PART A — UNAUDITED INFORMATION

Remuneration Committee

The Remuneration Committee comprises three independent non-executive directors, namely Sarah Jane Thomson (Chairman of the Committee), Ian Cormack (Senior Independent Director) and Jeremy Wilson (Chairman of the Board). The Committee has been chaired by Sarah Jane Thomson from 25 May 2010 prior to which the Committee was chaired by Charles Black.

None of the Committee has any personal financial interest (other than as shareholders), conflicts of interests arising from cross-directorships or day-to-day involvement in running the business. The Committee makes recommendations to the Board. No Director plays a part in any discussion about his or her own remuneration.

When considered appropriate, advice has been taken from external consultants New Bridge Street. The Committee's terms of reference are available on the Company's website www.bloomsbury-ir.co.uk and from the Company Secretary on request.

Remuneration Policy

The remuneration policy aims to encourage the highest levels of performance, to attract, motivate and retain high calibre directors and to align the interests of the executive directors with those of the shareholders. Remuneration is structured so that a significant element is related to performance, both short term and long term.

The components of the Executive Directors' remuneration are:

1) Basic salary

The salaries for the Executive Directors are as follows:

| | 14 months to 28 February 2011 £'000 | 12 months to 31 December 2010 £'000 | 12 months to 31 December 2009 £'000 |
|--------------------|--|--|--|
| Executive Director | | | |
| Nigel Newton | 404 | 341 | 378 |
| Richard Charkin | 329 | 279 | 308 |
| Colin Adams | 223 | 193 | 214 |

Basic salaries are reviewed annually and are set at levels that take account of the performance, experience and responsibilities of each individual concerned having regard to the prevailing market conditions and the overall pay rise used for employees generally when determining the Group budget. On appointment, the basic salaries for executive directors take account of appropriate market competitive ranges from companies of a similar size and complexity.

In respect of the year to 31 December 2010, the directors voluntarily elected to waive an annual increase and took a cut in basic salary of 10%. This followed consideration of the pressures faced by Bloomsbury's employees from the challenging economic environment.

The level of opportunity to earn performance related annual bonus and to earn long term incentive awards is a set as a proportion, determined by the Committee, of basic salary. The Committee has regard to the basic salary of the director when determining the level of pension payments for those directors who receive pension contributions.

Directors' Remuneration Report

2) Pension contributions

On his appointment, the basic salary of Richard Charkin included an allowance in lieu of pension and no further pension contributions have been made. Nigel Newton and Colin Adams each receive contributions to their contributory private pensions approved annually by the Committee taking account of their basic salary, director remuneration in businesses of similar size and complexity, their performance and applicable tax regulation.

The Committee intends to review the structure of director remuneration, including the policy with respect to pensions, with external specialists to ensure that directors are motivated to achieve the highest levels of performance aligned with the interests of the shareholders.

3) Other benefits

The Company offers executive directors a motor vehicle or a cash alternative and benefits including life assurance, permanent health cover, private medical cover and other minor benefits.

4) Performance related annual bonus

The executive directors are eligible for an annual cash bonus up to a maximum of 100% of basic salary as per the previous year.

Annual bonuses for the period are determined by reference to both financial performance and personal and strategic objectives. The financial objectives, which accounted for 80% of the bonus awards for the period, require suitably stretching levels of Group profit before tax during the year. The financial objectives set by the Committee were achieved in full. The personal and strategic targets, which account for the remaining bonus award, are set to incentivise the delivery of key strategic and development objectives over the year in relation to each executive Directors' area of responsibility.

In respect of the 14 month period to 28 February 2011, the Committee approved annual bonuses for executive directors that are restricted to 12 months as follows:

| | Bonus £'000 | % basic salary Percent |
|-----------------|----------------|------------------------------|
| Nigel Newton | 341 | 100% |
| Richard Charkin | 265 | 95% |
| Colin Adams | 193 | 100% |

Basic salary for the 12 months to 31 December 2010 is used in the table above to calculate the % basic salary.

5) Long term incentive plans

Performance Share Plan ("PSP")

The PSP permits performance shares to be granted annually to executive directors and senior individuals up to a maximum level of 150% of base salary per annum. In practice, the Committee applies a maximum award level of 75% of basic salary for the Chief Executive, 66% for the other executive directors and lower levels for individuals below the level of the Board. The Committee intends to make an initial PSP award of 100% of basic salary for Wendy Pallot.

The PSP was approved by shareholders at the Annual General Meeting held on 27 September 2005 and enables the Company to set suitably challenging targets to reward outstanding performance over a three year performance period.

Generally, awards of PSP Performance Shares are granted subject to two non-concurrent performance conditions, namely 50% of awards are subject to normalised Earnings Per Share ("EPS") targets and 50% of awards are subject to Total Shareholder Return ("TSR") targets over a three year period. PSP awards lapse in the event that the conditions are not met at the end of the three year performance period.

EPS performance conditions and level of vesting

The Committee determines performance conditions for each award at the time of making each award and determines the basis for calculating normalised EPS. The normalised EPS performance conditions applied over a three year performance period for PSP awards granted prior to 2009 have been:

| Criteria for normalised EPS | Level of vesting |
|-----------------------------|------------------|
| Less than RPI +5% per year | Nil |
| RPI +5% per year | 35% |
| RPI +8 % per year and above | 100% |

Vesting between RPI +5% and RPI +8% is straight line.

In respect of annual PSP awards granted on 25 September 2009 and 6 May 2010 the Committee approved absolute normalised EPS performance targets for the three year performance period. This took account of consensus broker forecasts and the need to set challenging performance targets to motivate the highest levels of performance of the executive directors in light of deteriorating economic conditions prevailing at the time of making the awards.

| Target for normalised EPS | Level of vesting |
|---------------------------------|------------------|
| 8.24 pence or less | Nil |
| 8.25 pence | 33% |
| 8.75 pence | 66% |
| 9.25 pence (8.24 pence + 12.3%) | 100% |

Vesting between 8.25 pence and 8.75 pence and between 8.75 pence and 9.25 pence is straight line.

TSR performance conditions and level of vesting

The TSR performance conditions applied to PSP awards over a three year performance period are generally as follows. The comparator group is the FTSE Mid 250 excluding investment trusts or as otherwise determined by the Committee.

| Target for ranking in comparator group based on TSR | Level of vesting |
|---|------------------|
| Ranking below the median for the Comparator group | 0% |
| Ranking at or above the median (top 50%) | 35% |
| Ranking at or above the upper quartile (top 25%) | 100% |

Vesting between top 50% and top 25% ranking is straight line.

Details of the directors' outstanding PSP awards and awards made during the 14 month period ended 28 February 2011 are shown below in Part B of this report.

Savings Related Share Option Scheme ("Sharesave")

All UK employees, including the executive directors, are eligible to participate in the Company's all employee HM Revenue and Customs approved Sharesave scheme. The Sharesave allows participants to make 36 equal monthly instalments under a building society savings contract. On maturity of the savings contract, participants may use the savings plus interest to purchase shares under share options granted at a discount of 15% to the market price at the start of the savings contract.

Details of the directors' outstanding Sharesave options are shown in Part B of this report.

Change of control provisions for share schemes

On a change of control, PSP awards vest to the extent that the performance conditions, as adjusted for the reduced vesting period due to the change of control, have been achieved subject to settlement of taxes arising on vesting. The Committee would determine a reasonable basis for measuring the extent to which the performance conditions have been achieved. Sharesave options become exercisable on a change of control however the treatment for tax would be subject to HM Revenue & Customs regulations that apply at the time.

Shareholding guidelines

The Company does not have a policy requiring the executive directors to hold a minimum value of the Company's shares.

Total value of incentives for Executive Directors

The charts below summarise the key drivers of performance and their influence on the overall incentive package for the executive directors. In order to illustrate the impact of different levels of performance on the composition of total remuneration in terms of the proportion of fixed and variable remuneration, two notional levels of company share price, company and personal performance have been defined. The assumptions made for the charts are as follows:

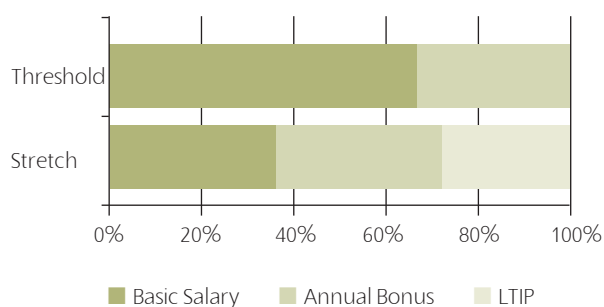
| Performance level | Stretch performance | Threshold performance |
|-------------------|---|--|
| Basic Salary | 2010 salaries | 2010 salaries |
| Annual bonus | 100% achievement of personal and financial objectives | 50% achievement of personal and financial objectives |
| LTIP (i.e. PSP) | Full vesting (100% vesting of awards) | Threshold vesting (35% vesting of awards) |

The chart is based on the face values of incentive awards at threshold and stretch performance levels (as defined above), however actual values of awards that vest under the schemes will depend on future share prices at the time the awards vest.

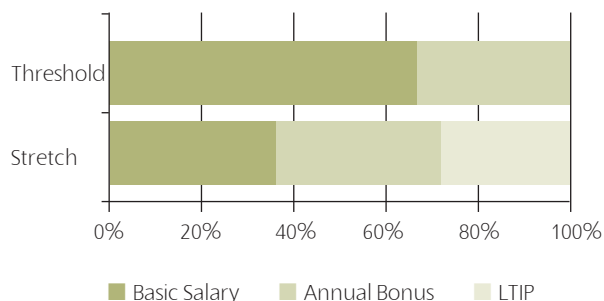
Directors' Remuneration Report

Proportion of value of executive directors' package delivered through fixed and performance related rewards

Chief Executive



Other executive directors



The charts above exclude pensions and the value of Sharesave scheme options in which executive directors may voluntarily participate. Pension contributions are approved annually by the Committee, and vary by executive director. One executive director does not receive a pension contribution. The Committee intends to review the policy on pensions. The Chief Executive is assumed to receive annual LTIP PSP awards at the level of 75% of basic salary and other executive directors are assumed to receive annual awards at a level of 66% of basic salary.

Remuneration earned by the Executive Directors from outside appointments

Significant external appointments of the directors are given in the bibliographic details on page 23. The Committee considers that the external appointments of the executive directors have no detrimental impact on the performance of their duties. The Committee has approved that each executive director may retain his or her remuneration earned from external appointments up to £15,000 per year.

Contracts of Service

The Company's policy is for executive directors to have contracts of employment with notice periods of up to 12 months. The Company will not enter into service contracts of more than two years duration without obtaining prior shareholder approval. Contracts with notice periods in excess of 12 months will only be considered at the time of recruitment and would normally be structured so that the notice period reduces to a period up to 12 months over a specified time of service.

Details of the service contracts of the directors at the date of signing this report are set out below:

| Executive Directors | Date agreement | Date of expiry | Notice period |
|---------------------|-----------------|----------------|---------------|
| Nigel Newton | 24 June 2003 | – | 12 months |
| Richard Charkin | 10 October 2007 | – | 12 months |
| Wendy Pallot | 10 March 2011 | – | 12 months* |

* The service agreement of Wendy Pallot includes that notice is three months during the first three months of service following which the notice period increases to 12 months.

The service agreements of Richard Charkin and Wendy Pallot include terms such that there would be no claim for loss of office as a director of the Company resulting from termination of their service agreement. The agreement for Wendy Pallot includes that the Company may make a payment of basic salary in lieu of notice. There are no further specific provisions for compensation on early termination of service contracts for the executive directors and no automatic right to payments.

In the event of early termination, the Committee would seek to take such steps as necessary to mitigate the loss to the Company and to ensure that the executive director observed his or her duty to mitigate loss. The Committee considers the termination terms of the executive directors to be appropriate to avoid rewarding failure on termination.

Non-Executive Directors

The fees of non-executive directors are determined by the Chairman and the executive directors. The fees of the Chairman are determined by the Remuneration Committee. The fees and continuance of service of each non-executive director are reviewed at least annually. Non-executive directors receive a basic fee plus an extra fee for additional responsibilities such as chairing sub-committees. The basic fee and extra fee is reviewed annually taking account of benchmark data provided by external remuneration consultants New Bridge Street.

The Non-Executive Directors and Chairman do not participate in the Company's annual bonus or share incentive schemes including Sharesave.

Non-Executive Directors

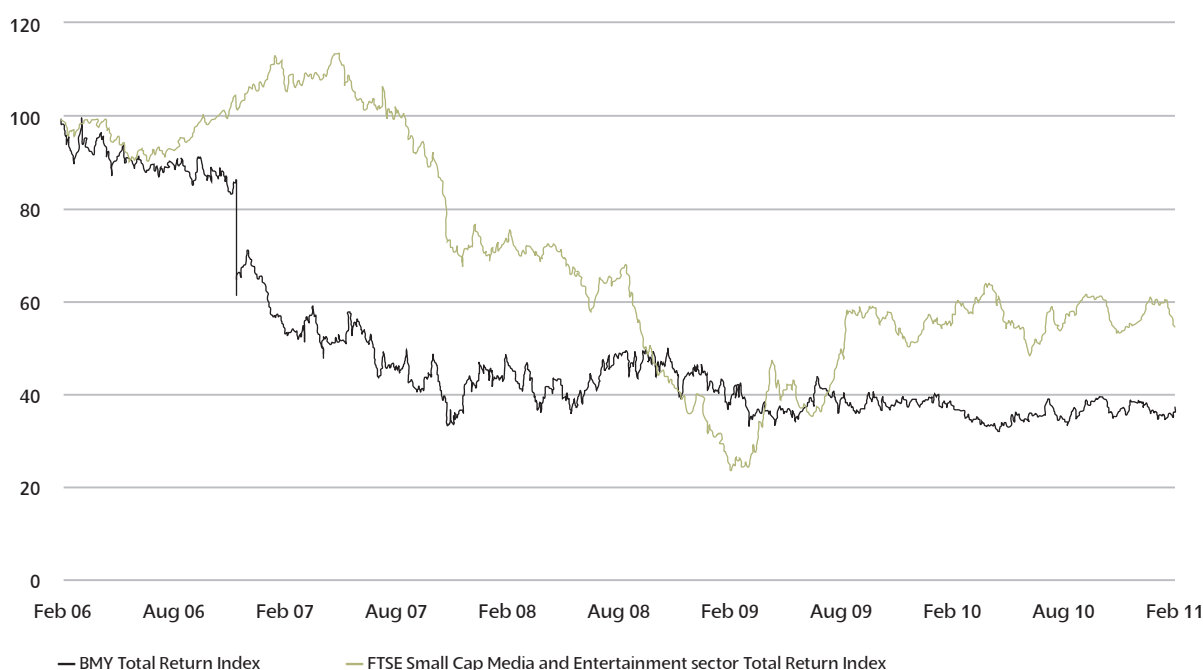
| | Date agreement | Date of expiry | Notice period |
|--------------------|-----------------|---|---------------|
| Jeremy Wilson | 31 October 2007 | – | 3 months |
| Sarah Jane Thomson | 28 May 2010 | 11 August 2011 (AGM following appointment) | – |
| Ian Cormack | 7 October 2010 | 11 August 2011 (AGM following appointment) | – |

The letter of appointment of Jeremy Wilson does not include a fixed term of expiry but instead includes a fixed notice period of 3 months.

There are no specific provisions for compensation on early termination of service contracts for the Non-Executive Directors. In the event of early termination, the Board would seek to take such steps as necessary to mitigate the loss to the Company and to ensure that the director observed his or her duty to mitigate loss.

Performance graph

The chart below shows the Company's Total Shareholder Return from February 2006 to February 2011 together with the FTSE Small Cap Media sector index. The index has been selected as it represents a broad equity market index in which the Company is a constituent member.



Directors' Remuneration Report

PART B — AUDITED INFORMATION

Directors' Emoluments

| | Basic salary or fees | Performance related bonus | Other benefits | Total | Gain on PSP awards exercised | Pension contributions | Total | Total |
|--------------------------------|-------------------------|------------------------------|-------------------|--------|------------------------------------|--------------------------|--------|--------|
| | 2011 | 2011 | 2011 | 2011 | 2011 | 2011 | 2011 | 2009 |
| | £ '000 | £ '000 | £ '000 | £ '000 | £ '000 | £ '000 | £ '000 | £ '000 |
| Executive Directors | | | | | | | | |
| Nigel Newton | 404 | 341 | 8 | 753 | 74 | 147 | 974 | 637 |
| Richard Charkin | 329 | 265 | 5 | 599 | – | – | 599 | 496 |
| Colin Adams | 222 | 193 | 10 | 425 | 35 | 33 | 493 | 428 |
| Non-Executive Directors | | | | | | | | |
| Jeremy Wilson | 102 | – | – | 102 | – | – | 102 | 96 |
| Sarah Jane Thomson | 26 | – | – | 26 | – | – | 26 | – |
| Ian Cormack | 6 | – | – | 6 | – | – | 6 | – |
| Mike Mayer | 32 | – | – | 32 | – | – | 32 | 45 |
| Charles Black | 15 | – | – | 15 | – | – | 15 | 39 |
| | 1,136 | 799 | 23 | 1,958 | 109 | 180 | 2,247 | 1,741 |

The basic salary for Colin Adams includes £30,966 (2009: £34,322) paid by the subsidiary company A&C Black Publishers Limited for which Colin Adams served as an Executive Director. Nigel Newton and Colin Adams accrued benefits under defined contribution pension arrangements during the year. A description of the other benefits received by directors is given in Part A above.

Share Based Incentives

Performance Share Plan awards

The following PSP awards of Performance Shares were outstanding at the period end:

| | Date of award | Date of exercise/ expiry | Grant price | At 1 January 2010 | Awarded during the period | Exercised during the period | Lapsed during the period | Share price on date of exercise | At 28 February 2011 |
|------------|------------------|--------------------------------|----------------|-------------------------|---------------------------------|-----------------------------------|--------------------------------|---------------------------------------|---------------------------|
| JN Newton | 8 May 2007 | 8 May 2010* | 181.4p | 120,466 | – | (60,233) | (60,233) | £1.13 | – |
| | 12 May 2008 | 12 May 2011 | 144.5p | 194,706 | – | – | – | | 194,706 |
| | 25 Sept 2009 | 25 Sept 2012 | 120.5p | 235,820 | – | – | – | | 235,820 |
| | 6 May 2010 | 6 May 2013 | 110.0p | – | 258,331 | – | – | | 258,331 |
| CR Adams | 8 May 2007 | 8 May 2010* | 181.4p | 56,690 | – | (28,345) | (28,345) | £1.13 | – |
| | 12 May 2008 | 12 May 2011** | 144.5p | 83,563 | – | – | – | | 83,563 |
| | 25 Sept 2009 | 25 Sept 2012** | 120.5p | 117,189 | – | – | – | | 117,189 |
| | 6 May 2010 | 6 May 2013** | 110.0p | – | 128,375 | – | – | | 128,375 |
| RD Charkin | 12 May 2008 | 12 May 2010 | 144.5p | 295,848 | – | – | – | | 295,848 |
| | 25 Sept 2009 | 25 Sept 2011 | 120.5p | 169,510 | – | – | – | | 169,510 |
| | 6 May 2010 | 6 May 2012 | 110.0p | – | 185,691 | – | – | | 185,691 |

* The Remuneration Committee approved the early exercise of PSP granted on 8 May 2010 awards for Nigel Newton and Colin Adams so that the awards subject to EPS performance conditions vested on 31 March 2010.

** Following the end of the period, on 8 April 2011 all the outstanding PSP awards of Colin Adams lapsed following his departure from the Company.

PSP Performance Shares are granted for nil consideration over ordinary shares in the Company. The number of Performance Shares awarded is calculated based on the mid-market share price prevailing at the date of grant or the average share price during the five dealing days immediately preceding the date of grant. The performance conditions for the PSP awards are given in Part A above.

Sharesave options

The following Sharesave options granted to the executive directors were outstanding at the period end.

| | At 1 January 2010 | Granted during the period | Lapsed during the period | At 28 February 2011 | Exercise Price | Date from which exercisable | Expiry Date |
|-----------------|-------------------------|---------------------------------|--------------------------------|---------------------------|----------------|-----------------------------------|----------------|
| Nigel Newton | 8,131 | – | – | 8,131 | 115.60p | 1 July 2011 | 1 January 2012 |
| Colin Adams | 8,131 | – | – | 8,131 | 115.60p | 1 July 2011 | 1 January 2012 |
| Richard Charkin | 8,131 | – | – | 8,131 | 115.60p | 1 July 2011 | 1 January 2012 |

Directors' Interests

a) Interests in shares

The direct and indirect interests of the Directors at the period end in the share capital of the Company are shown below. All interests are beneficial.

| Director | Ordinary Shares 28 February 2011 Number | Ordinary Shares 31 December 2009 Number |
|-----------------|---|---|
| Nigel Newton | 1,470,376 | 1,682,044 |
| Colin Adams | 68,038 | 50,000 |
| Richard Charkin | 12,000 | 12,000 |
| Ian Cormack | 11,975 | – |
| Jeremy Wilson | 4,026 | 4,026 |

The market price of an Ordinary Share at 28 February 2011 was 119.75p (2009: 126.5p) and the range from 1 January 2010 to the end of the period was 106.5p to 134.25p (2009: 113.3p to 160.5p).

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.

Approved by the Board of Directors and signed on its behalf

Sarah Jane Thomson

Chairman of the Remuneration Committee

23 June 2011

Independent Auditor's Report

TO THE MEMBERS OF BLOOMSBURY PUBLISHING PLC

We have audited the group and parent company financial statements ("the financial statements") on pages 48 to 103. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 30, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 28 February 2011 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 27, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Mark Harwood (Senior Statutory Auditor)

For and on behalf of
BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB
23 June 2011

Consolidated Income Statement

for the fourteen month period ended 28 February 2011

| | | 14 months ended 28 February 2011 £'000 | Year ended 31 December 2009 £'000 |
|---|-------|---|---|
| Continuing operations | Notes | | |
| Revenue | 1 | 103,398 | 87,217 |
| Cost of sales | 2 | (50,316) | (43,839) |
| Gross profit | | 53,082 | 43,378 |
| Marketing and distribution costs | 2 | (17,539) | (15,441) |
| Administrative expenses – highlighted items | 2 | (3,449) | (584) |
| Administrative expenses – other | | (28,228) | (21,186) |
| Administrative expenses – total | 2 | (31,677) | (21,770) |
| Profit before investment income, finance costs, tax and highlighted items | | 7,315 | 6,751 |
| Highlighted items | 2 | (3,449) | (584) |
| Profit before investment income, finance costs and tax | 2 | 3,866 | 6,167 |
| Investment income | 3a | 403 | 1,105 |
| Finance costs | 3b | (49) | (145) |
| Profit before taxation and highlighted items | | 7,669 | 7,711 |
| Highlighted items | | (3,449) | (584) |
| Profit before taxation | | 4,220 | 7,127 |
| Income tax | 5 | (1,991) | (2,146) |
| Profit for the period, attributable to owners of the parent | | 2,229 | 4,981 |
| Basic earnings per share | 7 | 3.02p | 6.77p |
| Diluted earnings per share | 7 | 3.02p | 6.74p |

Consolidated Statement of Comprehensive Income

for the fourteen month period ended 28 February 2011

| | 14 months ended 28 February 2011 £'000 | Year ended 31 December 2009 £'000 |
|---|---|---|
| Profit for the period | 2,229 | 4,981 |
| Other comprehensive income: | | |
| Exchange differences on translating foreign operations | (368) | (2,950) |
| Deferred tax on share-based payments | (26) | 21 |
| Other comprehensive income for the period net of tax | (394) | (2,929) |
| Total comprehensive income for the period attributable to owners of the parent company | 1,835 | 2,052 |

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 5.

Consolidated Balance Sheet

Company number: 1984336

at 28 February 2011

| | Notes | 28 February 2011 £'000 | 31 December 2009 £'000 |
|--|-------|------------------------------|------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 965 | 1,061 |
| Intangible assets | 9 | 37,241 | 37,598 |
| Deferred tax assets | 11 | 1,583 | 1,965 |
| Total non-current assets | | 39,789 | 40,624 |
| Current assets | | | |
| Inventories | 12 | 18,334 | 16,350 |
| Trade and other receivables | 13 | 48,719 | 47,509 |
| Cash and cash equivalents | 22 | 36,876 | 35,036 |
| Total current assets | | 103,929 | 98,895 |
| Total assets | | 143,718 | 139,519 |
| Equity and liabilities | | | |
| Equity attributable to owners of the parent | | | |
| Ordinary shares | 14 | 924 | 922 |
| Share premium | | 39,388 | 39,388 |
| Capital redemption reserve | | 22 | 20 |
| Share-based payment reserve | | 3,197 | 2,393 |
| Translation reserve | | 4,236 | 4,604 |
| Retained earnings | | 64,077 | 65,357 |
| Total equity | | 111,844 | 112,684 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Deferred tax liabilities | 11 | 2,176 | 2,234 |
| Retirement benefit obligations | 15 | 95 | 91 |
| Other payables | 15 | 467 | 353 |
| Total non-current liabilities | | 2,738 | 2,678 |
| Current liabilities | | | |
| Trade and other payables | 16 | 29,120 | 23,069 |
| Current tax liabilities | | 16 | 1,088 |
| Total current liabilities | | 29,136 | 24,157 |
| Total liabilities | | 31,874 | 26,835 |
| Total equity and liabilities | | 143,718 | 139,519 |

The financial statements were approved by the Board of Directors and authorised for issue on 23 June 2011.

JN Newton
Director

W Pallot
Director

Company Balance Sheet

Company number: 1984336

at 28 February 2011

| | Notes | 28 February 2011 £'000 | 31 December 2009 £'000 |
|---|-------|------------------------------|------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 546 | 592 |
| Intangible assets | 9 | 1,271 | – |
| Investments in subsidiary companies | 10 | 36,189 | 43,674 |
| Deferred tax assets | 11 | 280 | 366 |
| Trade and other receivables | 13 | 12,128 | 10,979 |
| Total non-current assets | | 50,414 | 55,611 |
| Current assets | | | |
| Inventories | 12 | 3,029 | 2,212 |
| Trade and other receivables | 13 | 23,863 | 22,457 |
| Cash and cash equivalents | 22 | 29,010 | 31,084 |
| Total current assets | | 55,902 | 55,753 |
| Total assets | | 106,316 | 111,364 |
| Equity and liabilities | | | |
| Equity attributable to owners of the company | | | |
| Ordinary shares | 14 | 924 | 922 |
| Share premium | | 39,388 | 39,388 |
| Capital redemption reserve | | 22 | 20 |
| Share-based payment reserve | | 3,197 | 2,393 |
| Retained earnings | | 42,218 | 51,915 |
| Total equity | | 85,749 | 94,638 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Other payables | 15 | 465 | 351 |
| Total non-current liabilities | | 465 | 351 |
| Current liabilities | | | |
| Trade and other payables | 16 | 19,954 | 15,620 |
| Current tax liabilities | | 148 | 755 |
| Total current liabilities | | 20,102 | 16,375 |
| Total liabilities | | 20,567 | 16,726 |
| Total equity and liabilities | | 106,316 | 111,364 |

The financial statements were approved by the Board of Directors and authorised for issue on 23 June 2011.

JN Newton
Director

W Pallot
Director

Consolidated Statement of Changes in Equity Attributable to Owners 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 |
|---|-----------------------------|---------------------------|---|--|---------------------------------|-------------------------------|----------------|
| Attributable to owners of the parent | | | | | | | |
| Balances at 1 January 2009 | 922 | 39,388 | 20 | 2,305 | 7,554 | 63,483 | 113,672 |
| Profit for the year | – | – | – | – | – | 4,981 | 4,981 |
| Other comprehensive income: | | | | | | | |
| Exchange differences on translating foreign operations | – | – | – | – | (2,950) | – | (2,950) |
| Deferred tax on share-based payments | – | – | – | – | – | 21 | 21 |
| Total comprehensive income for the year ended 31 December 2009 | – | – | – | – | (2,950) | 5,002 | 2,052 |
| Transactions with owners: | | | | | | | |
| Dividends | – | – | – | – | – | (3,128) | (3,128) |
| Total transactions with owners for the year ended 31 December 2009 | – | – | – | – | – | (3,128) | (3,128) |
| Share-based payments | – | – | – | 88 | – | – | 88 |
| Balances at 31 December 2009 | 922 | 39,388 | 20 | 2,393 | 4,604 | 65,357 | 112,684 |
| Profit for the period ended 28 February 2011 | – | – | – | – | – | 2,229 | 2,229 |
| Other comprehensive income: | | | | | | | |
| Exchange differences on translating foreign operations | – | – | – | – | (368) | – | (368) |
| Deferred tax on share-based payments | – | – | – | – | – | (26) | (26) |
| Total comprehensive income for the period ended 28 February 2011 | – | – | – | – | (368) | 2,203 | 1,835 |
| Transactions with owners: | | | | | | | |
| Dividends | – | – | – | – | – | (3,296) | (3,296) |
| Share options exercised | 4 | – | – | – | – | – | 4 |
| Share buy back and cancellation | (2) | – | 2 | – | – | (187) | (187) |
| Total transactions with owners for the period ended 28 February 2011 | 2 | – | 2 | – | – | (3,483) | (3,479) |
| Share-based payments | – | – | – | 804 | – | – | 804 |
| Balances at 28 February 2011 | 924 | 39,388 | 22 | 3,197 | 4,236 | 64,077 | 111,844 |

Company Statement of Changes in Equity Attributable to Owners of the Company

| | Ordinary shares £'000 | Share premium £'000 | Capital redemption reserve £'000 | Share-based payment reserve £'000 | Retained earnings £'000 | Total £'000 |
|---|-----------------------------|---------------------------|---|--|-------------------------------|----------------|
| Attributable to owners of the company | | | | | | |
| Balances at 1 January 2009 | 922 | 39,388 | 20 | 2,305 | 52,350 | 94,985 |
| Profit for the year | – | – | – | – | 2,672 | 2,672 |
| Other comprehensive income: | | | | | | |
| Deferred tax on share-based payments | – | – | – | – | 21 | 21 |
| Total comprehensive income for the year ended 31 December 2009 | – | – | – | – | 2,693 | 2,693 |
| Transactions with owners: | | | | | | |
| Dividends | – | – | – | – | (3,128) | (3,128) |
| Total transactions with owners for the year ended 31 December 2009 | – | – | – | – | (3,128) | (3,128) |
| Share-based payments | – | – | – | 88 | – | 88 |
| Balances at 31 December 2009 | 922 | 39,388 | 20 | 2,393 | 51,915 | 94,638 |
| Profit for the period ended 28 February 2011 | – | – | – | – | (6,188) | (6,188) |
| Other comprehensive income: | | | | | | |
| Deferred tax on share-based payments | – | – | – | – | (26) | (26) |
| Total comprehensive income for the period ended 28 February 2011 | – | – | – | – | (6,214) | (6,214) |
| Transactions with owners: | | | | | | |
| Dividends | – | – | – | – | (3,296) | (3,296) |
| Share options exercised | 4 | – | – | – | – | 4 |
| Share buy back and cancellation | (2) | – | 2 | – | (187) | (187) |
| Total transactions with owners for the period ended 28 February 2011 | 2 | – | 2 | – | (3,483) | (3,479) |
| Share-based payments | – | – | – | 804 | – | 804 |
| Balances at 28 February 2011 | 924 | 39,388 | 22 | 3,197 | 42,218 | 85,749 |

Consolidated Cash Flow Statement

for the fourteen month period ended 28 February 2011

| | 14 months ended 28 February 2011 £'000 | Year ended 31 December 2009 £'000 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before tax | 4,220 | 7,127 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 655 | 669 |
| Amortisation of intangible assets | 1,136 | 584 |
| Impairment of goodwill | 1,532 | – |
| Profit on sale of property, plant and equipment | – | (9) |
| Share-based payment charges | 804 | 88 |
| Investment income | (403) | (1,105) |
| Finance costs | 49 | 145 |
| | 7,993 | 7,499 |
| Increase in inventories | (1,942) | (76) |
| Increase in trade and other receivables | (1,379) | (98) |
| Increase/(decrease) in trade and other payables | 6,326 | (9,888) |
| Cash generated from/(used in) operations | 10,998 | (2,563) |
| Income taxes paid | (2,792) | (1,734) |
| Net cash generated from/(used in) operating activities | 8,206 | (4,297) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (563) | (304) |
| Proceeds from sale of property, plant and equipment | – | 23 |
| Purchase of businesses, net of cash acquired | (1,100) | (10,307) |
| Purchases of intangible assets | (1,437) | – |
| Interest received | 385 | 1,409 |
| Net cash used in investing activities | (2,715) | (9,179) |
| Cash flows from financing activities | | |
| Share options exercised | 4 | – |
| Share buy back | (187) | – |
| Equity dividends paid | (3,296) | (3,128) |
| Interest paid | (33) | (34) |
| Net cash used in financing activities | (3,512) | (3,162) |
| Net increase/(decrease) in cash and cash equivalents | 1,979 | (16,638) |
| Cash and cash equivalents at beginning of period | 35,036 | 51,908 |
| Exchange loss on cash and cash equivalents | (139) | (234) |
| Cash and cash equivalents at end of period | 36,876 | 35,036 |

Company Cash Flow Statement

for the fourteen month period ended 28 February 2011

| | 14 months ended 28 February 2011 £'000 | Year ended 31 December 2009 £'000 |
|---|---|--|
| Cash flows from operating activities | | |
| (Loss)/profit before tax | (4,700) | 4,093 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 418 | 474 |
| Amortisation of intangible assets | 73 | – |
| Investment impairment | 7,452 | 723 |
| Share-based payment charges | 348 | 88 |
| Investment income | (605) | (1,204) |
| Finance costs | – | 1 |
| | 2,986 | 4,175 |
| (Increase)/decrease in inventories | (817) | 123 |
| Increase in trade and other receivables | (2,052) | (1,713) |
| Increase/(decrease) in trade and other payables | 4,481 | (6,880) |
| Cash generated from/(used in) operations | 4,598 | (4,295) |
| Income taxes paid | (2,076) | (724) |
| Net cash generated from/(used in) operating activities | 2,522 | (5,019) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (372) | (78) |
| Purchase of business, net of cash acquired | – | (10,095) |
| Purchases of intangible assets | (1,344) | – |
| Additional investment in subsidiaries | – | – |
| Interest received | 599 | 1,546 |
| Net cash used in investing activities | (1,117) | (8,627) |
| Cash flows from financing activities | | |
| Share options exercised | 4 | – |
| Share buy back | (187) | – |
| Equity dividends paid | (3,296) | (3,128) |
| Interest paid | – | (1) |
| Net cash used in financing activities | (3,479) | (3,129) |
| Net decrease in cash and cash equivalents | (2,074) | (16,775) |
| Cash and cash equivalents at beginning of period | 31,084 | 47,859 |
| Cash and cash equivalents at end of period | 29,010 | 31,084 |

Accounting Policies

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 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The reporting period has been changed to a February year end to allow for improved access to shareholders and analysts during the interim and final reporting season. As a result of this change the amounts presented in the financial statements are for a fourteen month period to 28 February 2011 and are not directly comparable to the previous twelve month financial year.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 6 to 22. The financial position of the Company, its cash flows and liquidity position are described in the Financial Review on pages 14 to 16. In addition, note 22 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

Having made enquiries of senior management and reviewed cashflow forecasts, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. The factors taken into account include the level of cash reserves, limited impact of economic downturn on book sales and continuing sources of revenue. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

The Group has adopted IFRS 3 (revised 2008) 'Business combinations' which has resulted in a change of accounting policy as detailed further in note (n) below. This impacts the treatment of the acquisition made in the period and future acquisitions but is not applied retrospectively.

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

- IAS 27 (revised 2008), 'Consolidated and separate financial statements'; the revised standard provides guidance relating to the accounting for non-controlling interests in loss making subsidiaries, the acquisition of non-controlling interests and the accounting for subsidiaries when control by the entity is lost.
- IAS 28 (amended), 'Investments in associates', and IAS 31 (amended), 'Interests in joint ventures'; the amendment provides additional guidance in situations where significant influence or joint control is lost.
- IAS 39 (amended), 'Eligible Hedged Items'; the amendment provides further clarification in the application guidance.
- IFRS 2 (amended), 'Group cash-settled Share-based Payment Transactions'; the amendment clarifies that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services regardless of which entity in the group settles the transaction.
- IFRS 1 (revised 2009), 'First-time adoption of IFRS'; additional exemptions for first time adopters.
- IFRIC 17, 'Distributions of Non-cash Assets to Owners'.
- IFRIC 18, 'Transfers of Assets to Customers'.
- Annual Improvements 2009, including IAS 36 'Impairment of Assets' – Amendment; Unit of accounting for goodwill impairment testing. The amendment specifies that the required unit for goodwill impairment is not larger than the operating segment level as defined in paragraph 5 of IFRS 8 before the permitted aggregation.

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 9 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2013). The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. It also results in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories. *
- IAS 32 'Classification of Rights Issues' (effective for annual periods beginning on or after 1 February 2010). The amendment addresses the accounting for rights issues offered for a fixed amount of foreign currency.
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (effective for annual periods beginning on or after 1 July 2010). The IFRIC addresses the accounting for issues of equity instruments in order to settle, in full or in part, a financial liability.
- IFRIC 14 (amended) 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (effective 1 January 2011) – Amendment; Prepayments of a Minimum Funding Requirement. The amendment permits the benefit of early payment of contributions paid to cover minimum funding requirements to be treated as an asset.
- IAS 24 'Related Party Disclosures' (effective for annual periods beginning on or after 1 January 2011). The revised standard simplifies the disclosure requirements for government-related entities, requires commitments outstanding at the balance sheet date to be disclosed and clarifies the definition of a related party.
- IFRS 7 'Financial Instruments: Disclosures' Disclosures – Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011) – Amendment. The amendments will require improved disclosures of transfers of financial assets, including explaining the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfers are undertaken around the end of a reporting period. *
- Annual improvements 2010.
- IFRS 1 'First-time Adoption of IFRS – Amendment; Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters'.
- IAS 12 'Income Taxes – Amendment; Deferred Tax: Recovery of Underlying Assets.' The amendments are in relation to investment properties.
- IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 1 January 2013). The new standard will replace IAS 27 'Consolidated and Separate Financial Statements' and SIC 12 'Consolidation – Special Purpose Entities'. IFRS 10 retains the principle of control but redefines 'control' and provides further guidance on how to apply the control principle. *
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2013). The new standard will replace IAS 31 'Interests in Joint Ventures' and SIC 13 'Jointly Controlled Entities – Non-monetary contributions by Venturers' and establishes consistent principles for financial reporting for all types of jointly controlled arrangements. IFRS 11 retains a similar definition of joint control to IAS 31, but clarifies that a joint arrangement will be either a 'joint operation' or a 'joint venture'. *
- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2013). The new standard applies to entities that have interests in subsidiaries, joint arrangements, associates and other unconsolidated structured entities and aims to make disclosures in respect of such entities consistent. *
- IFRS 13 'Fair Value Measurement' (effective for annual periods commencing on or after 1 January 2013). The new standard provides guidance on measurement of fair value for financial reporting purposes where IFRSs require or permit fair value measurements or disclosures about fair value measurements. *
- IAS 27 (amended 2011) 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2013). The amendment removes the accounting principles applicable to groups which are now set out in IFRS 10. The amended standard contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity presents separate financial statements. *
- IAS 28 (amended 2011) 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2013). The amendment applies the equity method of accounting to investments in associates and joint ventures and thus eliminates the choice to proportionately consolidate joint ventures that was previously available. *

* Not yet endorsed by the EU.

There were no Standards and Interpretations which were in issue but not effective at the date of authorisation of these financial statements, including the above, that the Directors anticipate will have a material impact on the financial statements of the Group or the Company.

Accounting Policies

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%–14% per annum |
| Imprints | – 3%–5% per annum |
| Subscriber and customer relationships | – 6%–17% per annum |
| Order backlog | – 33% per annum |
| Systems development | – 20% per annum |

The amortisation is included in administrative expenses.

The separately acquired trademark for the name Bloomsbury Publishing Plc in the US is shown at historical cost and is subject to annual impairment reviews. The trademark is deemed to have an indefinite life due to the underlying stability of the industry in which it operates.

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 to retailers. 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. The degree of completion is calculated as a proportion of the content generated against the contractually agreed milestone, for example number of words generated. Where the degree of completion of milestones cannot be reliably measured, revenue is only recognised in full on completion. Revenue from management services contracts is recognised at the contractually agreed rate. Revenue from e-book sales is recognised when reported by aggregators.

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 | – over the remaining life of the lease |
| 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 period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated 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 other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

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, US dollars and Australian 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 period.

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 charged or credited to other comprehensive income.

Accounting Policies

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.

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

Trade payables

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

Investments

Investments in subsidiaries are recorded at cost in the balance sheet. They are tested for impairment when there is objective evidence of impairment. Any impairment losses are recognised in the income statement in the period they occur.

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. Stamp duty is capitalised in leasehold improvements and amortised over the life of the lease.

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 instruments to certain employees. Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is charged to the income statement on a straight-line basis over the vesting period, based on the Group's estimate of 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.

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 period 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 acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred is measured as the fair value of the assets given, equity instruments issued, contingent consideration and liabilities incurred or assumed at the date of exchange.

Costs directly attributable to the acquisition are expensed as incurred. This is a change of accounting policy following the adoption of the revisions to IFRS 3. Previously costs directly attributable to the acquisition were included as part of the cost of the acquisition.

Changes in contingent consideration arising from additional information, obtained within one year of the acquisition date, about facts or circumstances that existed at the acquisition date are recognised as an adjustment to goodwill. Other changes in contingent consideration are recognised through profit or loss, unless the contingent consideration is classified as equity. In such circumstances, changes are recognised within equity. This is a change of accounting policy following the adoption of the revisions to IFRS3. Previously all changes to contingent consideration were recognised as an adjustment to goodwill.

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 non-controlling 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.

Accounting Policies

o) Segmental reporting

Segments are identified based on internal reporting to the chief operating decision maker, which has been identified as the Company Board. 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. There is no difference between the basis of measurement of segment amounts included in the management accounts and the basis of measurement of those amounts included in the financial statements. The Company Board reviews the Group consolidated commentary. This reflects the geographic performance of the operations in the UK, North America, Continental Europe and Australia down to profit before taxation and also the performance of the Trade and Specialist divisions, down to the profit before investment income, finance costs and tax line.

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 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) Dividends

Dividend payments are recognised as liabilities once they are appropriately authorised and no longer at the discretion of the Company.

r) 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 judgements 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 period end. The provision is calculated by reference to historical returns rates and expected future returns.

Author advances

A provision is made by the Group against published title 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, with regard to historical net sales and expected future net sales, 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.

Notes to the Accounts

1. Segmental analysis

As the main thrust of the Group's growth is to develop its international publishing strategy, the internal reporting to the chief operating decision maker is by geographical segments. Management has determined the operating segments based on these reports. All segments derive their revenue from book publishing, sale of publishing and distribution rights, sponsorship and database contracts. The analysis by geographical segment is shown below.

Fourteen months ended 28 February 2011

| | United Kingdom £'000 | North America £'000 | Continental Europe £'000 | Australia £'000 | Eliminations and unallocated costs £'000 | Total £'000 |
|---|-------------------------|------------------------|-----------------------------|--------------------|---|----------------|
| Revenue | | | | | | |
| External sales | 70,647 | 21,734 | 10,052 | 965 | – | 103,398 |
| Inter-segment sales* | 1,813 | – | 202 | – | (2,015) | – |
| Total revenue | 72,460 | 21,734 | 10,254 | 965 | (2,015) | 103,398 |
| Result | | | | | | |
| Segment result before central costs and highlighted items | 6,666 | 1,191 | (451) | (91) | – | 7,315 |
| Highlighted items | (1,791) | – | (1,658) | – | – | (3,449) |
| Central cost recharges | 329 | (183) | (146) | – | – | – |
| Segment result | 5,204 | 1,008 | (2,255) | (91) | – | 3,866 |
| Investment income | 398 | 5 | – | – | – | 403 |
| Finance costs | (49) | – | – | – | – | (49) |
| Profit/(loss) before taxation | 5,553 | 1,013 | (2,255) | (91) | – | 4,220 |
| Income tax expense | – | – | – | – | (1,991) | (1,991) |
| Profit/(loss) for the period | 5,553 | 1,013 | (2,255) | (91) | (1,991) | 2,229 |
| Other Information | | | | | | |
| Amortisation of intangible assets | 1,095 | 41 | – | – | – | 1,136 |
| Depreciation | 586 | 29 | 40 | – | – | 655 |
| Actuarial losses | 16 | – | – | – | – | 16 |
| Share-based payment charges | 727 | 38 | 39 | – | – | 804 |

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

Year ended 31 December 2009

| | United Kingdom £'000 | North America £'000 | Continental Europe £'000 | Australia £'000 | Eliminations and unallocated costs £'000 | Total £'000 |
|--|----------------------------|---------------------------|--------------------------------|--------------------|--|----------------|
| Revenue | | | | | | |
| External sales | 58,888 | 18,777 | 9,552 | – | – | 87,217 |
| Inter-segment sales* | 480 | – | 134 | – | (614) | – |
| Total revenue | 59,368 | 18,777 | 9,686 | – | (614) | 87,217 |
| Result | | | | | | |
| Segment result before central costs and highlighted items | 6,868 | 450 | (567) | – | – | 6,751 |
| Highlighted Items | (584) | – | – | – | – | (584) |
| Central cost recharges | 284 | (152) | (132) | – | – | – |
| Segment result | 6,568 | 298 | (699) | – | – | 6,167 |
| Investment income | 1,101 | 4 | – | – | – | 1,105 |
| Finance costs | (145) | – | – | – | – | (145) |
| Profit/(loss) before taxation | 7,524 | 302 | (699) | – | – | 7,127 |
| Income tax expense | – | – | – | – | (2,146) | (2,146) |
| Profit/(loss) for the year | 7,524 | 302 | (699) | – | (2,146) | 4,981 |
| Other Information | | | | | | |
| Amortisation of intangible assets | 548 | 36 | – | – | – | 584 |
| Depreciation | 620 | 17 | 32 | – | – | 669 |
| Actuarial losses | 111 | – | – | – | – | 111 |
| Share-based payment charges | 88 | – | – | – | – | 88 |

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

Notes to the Accounts

External sales by destination

| | Source | | | | |
|---|--------------------------|-------------------------|------------------------------|---------------------|-----------------|
| | United Kingdom £ '000 | North America £ '000 | Continental Europe £ '000 | Australia £ '000 | Total £ '000 |
| Destination | | | | | |
| Fourteen months ended 28 February 2011 | | | | | |
| United Kingdom (country of domicile) | 49,114 | – | – | – | 49,114 |
| North America | 1,179 | 21,734 | – | – | 22,913 |
| Continental Europe | 7,724 | – | 10,052 | – | 17,776 |
| Australasia | 4,332 | – | – | 965 | 5,297 |
| Far and Middle East | 5,066 | – | – | – | 5,066 |
| Rest of the world | 3,232 | – | – | – | 3,232 |
| Overseas countries | 21,533 | 21,734 | 10,052 | 965 | 54,284 |
| Total external sales | 70,647 | 21,734 | 10,052 | 965 | 103,398 |
| Year ended 31 December 2009 | | | | | |
| United Kingdom (country of domicile) | 38,517 | – | – | – | 38,517 |
| North America | 3,568 | 18,404 | – | – | 21,972 |
| Continental Europe | 5,550 | – | 9,552 | – | 15,102 |
| Australasia | 3,809 | – | – | – | 3,809 |
| Far and Middle East | 5,427 | 373 | – | – | 5,800 |
| Rest of the world | 2,017 | – | – | – | 2,017 |
| Overseas countries | 20,371 | 18,777 | 9,552 | – | 48,700 |
| Total external sales | 58,888 | 18,777 | 9,552 | – | 87,217 |

During the period sales to one customer exceeded 10% of group revenue (2009: none). The value of these sales was £11,953,000.

Non-current assets

| | 28 February 2011 £ '000 | 31 December 2009 £ '000 |
|---|--|-------------------------------|
| United Kingdom (country of domicile) | 34,528 | 33,283 |
| North America | 3,575 | 3,679 |
| Continental Europe | 101 | 1,697 |
| Australia | 2 | – |
| Overseas countries | 3,678 | 5,376 |
| Total non-current assets (excluding deferred tax assets) | 38,206 | 38,659 |

Business Divisions

The Group's business is organised in three operating areas: Trade Adult, Trade Childrens and Specialist. The following table provides the breakdown of revenue and divisional result for these areas.

Fourteen months ended 28 February 2011

| | Trade (Adult) £'000 | Trade (Children's) £'000 | Total Trade £'000 | Specialist £'000 | Unallocated £'000 | Total £'000 |
|---|---------------------------|--------------------------------|-------------------------|---------------------|----------------------|----------------|
| Revenue | 47,823 | 22,812 | 70,635 | 32,763 | – | 103,398 |
| Cost of sales | (22,893) | (11,546) | (34,439) | (15,877) | – | (50,316) |
| Gross profit | 24,930 | 11,266 | 36,196 | 16,886 | – | 53,082 |
| Marketing and distribution costs | (7,672) | (3,379) | (11,051) | (6,488) | – | (17,539) |
| Contribution before administrative expenses | 17,258 | 7,887 | 25,145 | 10,398 | – | 35,543 |
| Administrative expenses | | | (20,678) | (7,937) | (3,062) | (31,677) |
| Divisional result | | | 4,467 | 2,461 | (3,062) | 3,866 |
| Investment income | | | – | – | 403 | 403 |
| Finance costs | | | – | – | (49) | (49) |
| Profit before taxation | | | 4,467 | 2,461 | (2,708) | 4,220 |
| Income tax expense | | | – | – | (1,991) | (1,991) |
| Profit for the period | | | 4,467 | 2,461 | (4,699) | 2,229 |

Year ended 31 December 2009

| | Trade (Adult) £'000 | Trade (Children's) £'000 | Total Trade £'000 | Specialist £'000 | Unallocated £'000 | Total £'000 |
|---|---------------------------|--------------------------------|-------------------------|---------------------|----------------------|----------------|
| Revenue | 37,892 | 22,977 | 60,869 | 26,348 | – | 87,217 |
| Cost of sales | (20,056) | (11,427) | (31,483) | (12,356) | – | (43,839) |
| Gross profit | 17,836 | 11,550 | 29,386 | 13,992 | – | 43,378 |
| Marketing and distribution costs | (6,814) | (3,203) | (10,017) | (5,424) | – | (15,441) |
| Contribution before administrative expenses | 11,022 | 8,347 | 19,369 | 8,568 | – | 27,937 |
| Administrative expenses | | | (16,470) | (5,013) | (287) | (21,770) |
| Divisional result | | | 2,899 | 3,555 | (287) | 6,167 |
| Investment income | | | – | – | 1,105 | 1,105 |
| Finance costs | | | – | – | (145) | (145) |
| Profit before taxation | | | 2,899 | 3,555 | 673 | 7,127 |
| Income tax expense | | | – | – | (2,146) | (2,146) |
| Profit for the year | | | 2,899 | 3,555 | (1,473) | 4,981 |

Notes to the Accounts

2. Profit before investment income, finance costs and tax

Profit is stated after charging/(crediting) the following amounts:

| | 14 months ended 28 February 2011 £'000 | Year ended 31 December 2009 £'000 |
|---|---|--|
| Auditor's remuneration (see below) | 442 | 395 |
| Depreciation of property, plant and equipment | 655 | 669 |
| Profit on disposal of property, plant and equipment | – | (9) |
| Highlighted items (see below) | 3,449 | 584 |
| Advance provisions (see note 13) | 3,668 | 3,438 |
| Write back of returns provision (see note 13) | – | (581) |
| Exchange gain | (62) | (88) |
| Staff costs (see note 4) | 22,085 | 16,897 |

The movements on the returns and advances provisions during the period are analysed in note 13.

Highlighted items

| | 14 months ended 28 February 2011 £'000 | Year ended 31 December 2009 £'000 |
|-----------------------------------|---|--|
| Amortisation of intangible assets | 1,136 | 584 |
| Impairment of goodwill | 1,532 | – |
| Professional fees on acquisitions | 25 | – |
| Relocation of headquarters | 196 | – |
| Aborted acquisition costs | 313 | – |
| Restructuring costs | 247 | – |
| | 3,449 | 584 |

Highlighted items charged to profit before taxation comprise significant non-cash charges and/or non-recurring items which are highlighted in the income statement because, in the opinion of the Directors, separate disclosure is helpful in understanding the underlying performance of the business.

The goodwill impairment charge relates to the investment in Berlin Verlag. This was the result of an impairment review assessing the carrying value of the investment, which took account of economic factors in Germany, in particular the weakness of the retail market there, and forecasts not supporting the carrying value. With the new management team and structure, there will be a rationalisation of the publishing programme and continuing reduction of Berlin's cost base as part of the plan to increase the profitability of the business.

Legal costs of £25,000 were incurred in relation to the acquisition of Duckworth Academic.

The Group has incurred costs of £196,000 relating to the planned relocation of its Head Office to Bedford Square in August 2011, including professional fees and additional rental expense while the new premises are refurbished.

Aborted acquisition costs of £313,000 related to professional fees in connection with an acquisition of a business which did not go ahead following the due diligence process.

Restructuring costs of £247,000 have been incurred as a result of the strategic global reorganisation of the Bloomsbury Group.

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

| | 14 months ended 28 February 2011 £'000 | Year ended 31 December 2009 £'000 |
|--|--|--|
| Cost of sales: | | |
| Editorial staff costs | 2,489 | 2,645 |
| Cost of goods and rights sold | 26,108 | 22,745 |
| Inventory provision and write down | 4,796 | 4,982 |
| Royalty costs | 16,923 | 13,467 |
| | 50,316 | 43,839 |
| Marketing and distribution costs: | | |
| Staff costs | 975 | 841 |
| Depreciation | 21 | 16 |
| Marketing expenses | 6,815 | 5,004 |
| Distribution fees and commission | 9,728 | 9,580 |
| | 17,539 | 15,441 |
| Administrative expenses: | | |
| Staff costs | 17,817 | 13,323 |
| Other staff related expenses | 799 | 651 |
| Share-based payment charge | 804 | 88 |
| Depreciation | 634 | 653 |
| Premises costs | 3,017 | 2,048 |
| Professional fees | 1,968 | 2,094 |
| Editorial expenses | 1,839 | 1,715 |
| Insurance | 499 | 419 |
| Bad debt provision and write off | 171 | 107 |
| Exchange gain | (62) | (88) |
| Other | 742 | 176 |
| | 28,228 | 21,186 |
| Highlighted items: | | |
| Amortisation of intangible assets | 1,136 | 584 |
| Impairment of goodwill | 1,532 | – |
| Other highlighted items | 781 | – |
| Total highlighted items | 3,449 | 584 |
| Total administrative expenses | 31,677 | 21,770 |

Notes to the Accounts

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

| | 14 months ended 28 February 2011 £'000 | 14 months ended 28 February 2011 % | Year ended 31 December 2009 £'000 | Year ended 31 December 2009 % |
|--|--|--|--|--|
| Audit services | | | | |
| – statutory audit of parent company and consolidated financial statements | 92 | 21 | 92 | 27 |
| 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 | 96 | 22 | 96 | 28 |
| – work performed by associates of Baker Tilly UK Audit LLP in respect of consolidation returns or local legislative requirements | 10 | 2 | 10 | 3 |
| – pension scheme audit | 3 | – | 3 | 1 |
| Other services supplied pursuant to such legislation | | | | |
| – interim results | 100 | 23 | 50 | 15 |
| Tax services | | | | |
| – compliance services | 50 | 11 | 50 | 15 |
| – advisory services | 16 | 4 | 16 | 5 |
| Services relating to corporate finance transactions* | 75 | 17 | 20 | 6 |
| | 442 | 100 | 337 | 100 |

* Costs in relation to the acquisitions of £25,000 are included under highlighted items (2009: £20,000 capitalised as part of the cost of acquisition).

3a. Investment income

| | 14 months ended 28 February 2011 £'000 | Year ended 31 December 2009 £'000 |
|--|--|--|
| Interest on bank deposits | 380 | 968 |
| Other interest receivable | – | 114 |
| Expected return on pension plan assets | 23 | 23 |
| | 403 | 1,105 |

3b. Finance costs

| | 14 months ended 28 February 2011 £'000 | Year ended 31 December 2009 £'000 |
|--|--|--|
| Interest cost on pension obligations | 32 | 28 |
| Other interest payable | 1 | 5 |
| Bank overdraft | – | 1 |
| Actuarial losses on defined benefit pension plan | 16 | 111 |
| | 49 | 145 |

4. Directors and employees

Staff costs during the period were:

| | 14 months ended 28 February 2011 £'000 | Year ended 31 December 2009 £'000 |
|--|--|--|
| Salaries | 18,137 | 14,501 |
| Social security costs | 2,320 | 1,747 |
| Other pension costs | 824 | 561 |
| Share-based payment charge | 804 | 88 |
| | 22,085 | 16,897 |
| The monthly average number of employees during the period was: | Number | Number |
| Editorial, production and selling | 259 | 257 |
| Finance and administration | 96 | 91 |
| | 355 | 348 |

Full details concerning Directors' emoluments, shareholdings, options and other interests are shown in the Directors' Remuneration Report on pages 39 to 45.

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

Notes to the Accounts

Pension costs

The pension costs summarised above of £824,000 (2009: £561,000) 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 £824,000 (2009: £561,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. At 28 February 2011 there were prepaid contributions of £12,000 (31 December 2009: £3,000).

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. There is no obligation in respect of medical costs. A full actuarial valuation was carried out as at 1 January 2010 and updated to 28 February 2011 by a qualified independent actuary.

At the date of the last completed independent actuarial valuation, which was 1 January 2010, the market value of the assets of the scheme was £388,000. The actuary advised that at that date the actuarial valuation of the assets of the scheme was sufficient to cover 76% of the benefits that had accrued to members. The scheme is actuarially valued every three years. The next valuation of the scheme will be as at 1 January 2013.

Contributions are paid by the employer at the rate of £1,600 per month, plus expenses as and when required to cover any expenses of the scheme. Contributions paid to the scheme during the period were £22,000 (year ended 31 December 2009: £42,000. This included £23,000 of scheme cost for 2008 and 2009). The Directors' best estimate of the contribution to be paid for in the year ended February 2012 is £40,000.

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:

| | 28 February 2011 | 31 December 2009 | 31 December 2008 | 31 December 2007 | 31 December 2006 |
|---|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| Rate of increase in salaries | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| Rate of increase in pensions in payment (LPI) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Discount rate | 5.5% | 5.7% | 6.3% | 5.9% | 5.2% |
| Inflation assumption | 3.5% | 3.5% | 2.9% | 3.2% | 3.3% |
| Expected return on plan assets * | 5.0% | 5.0% | 5.0% | 5.8% | 5.1% |

* 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:

| | 28 Feb 2011 Life expectancy at age 65 | 31 Dec 2009 Life expectancy at age 65 |
|--------------------------|--|--|
| Male currently aged 45 | 25.2 | 23.1 |
| Female currently aged 45 | 27.6 | 25.9 |
| Male currently aged 65 | 23.2 | 22.0 |
| Female currently aged 65 | 25.7 | 24.9 |

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

| | 14 months ended 28 February 2011 £'000 | Year ended 31 December 2009 £'000 |
|----------------------------------|---|--|
| Interest cost | 32 | 28 |
| Expected return on scheme assets | (23) | (23) |
| Actuarial losses | 16 | 111 |
| | 25 | 116 |

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

The actual gain on scheme assets was £27,000 (2009: loss of £5,000).

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

| | 14 months ended 28 February 2011 £'000 | Year ended 31 December 2009 £'000 |
|--|---|--|
| Total value of assets (with profit policy) | 421 | 389 |
| Present value of funded scheme liabilities | (516) | (480) |
| Retirement benefit obligations (net liability) | (95) | (91) |
| Deferred taxation | 17 | 18 |
| | (78) | (73) |
| Analysis for reporting purposes: | | |
| Non-current liabilities | (95) | (91) |
| Deferred tax assets | 17 | 18 |

Notes to the Accounts

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

| | 28 February 2011 £'000 | 31 December 2009 £'000 |
|----------------------|---------------------------------------|------------------------------|
| At 1 January | (480) | (514) |
| Interest cost | (32) | (28) |
| Benefits paid | 16 | 145 |
| Actuarial losses | (20) | (83) |
| At period end | (516) | (480) |

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

| | 28 February 2011 £'000 | 31 December 2009 £'000 |
|----------------------------------|---------------------------------------|------------------------------|
| At 1 January | 389 | 496 |
| Expected return on scheme assets | 22 | 23 |
| Actuarial gains/(losses) | 4 | (28) |
| Employer contributions | 22 | 43 |
| Benefits paid | (16) | (145) |
| At period end | 421 | 389 |

The history of experience adjustments is as follows:

| | 28 February 2011 £'000 | 31 December 2009 £'000 | 31 December 2008 £'000 | 31 December 2007 £'000 | 31 December 2006 £'000 |
|---|---------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Present value of defined benefit obligations | (516) | (480) | (514) | (548) | (574) |
| Fair value of scheme assets | 421 | 389 | 496 | 471 | 430 |
| Deficit in scheme | (95) | (91) | (18) | (77) | (144) |
| Experience gains/(losses) on scheme assets: | | | | | |
| Amount (£'000) | 4 | (28) | (9) | 4 | 15 |
| Percentage of scheme assets | 1% | (7%) | (2%) | 1% | 3% |
| Experience gains/(losses) on scheme liabilities: | | | | | |
| Amount (£'000) | 6 | 1 | (4) | 9 | (59) |
| Percentage of the present value of the scheme liabilities | 1% | – | (1%) | 2% | (10%) |

5. Taxation

(a) Tax charge for the period

| | 14 months ended 28 February 2011 £'000 | Year ended 31 December 2009 £'000 |
|--|---|--|
| Based on the profit for the period: | | |
| UK corporation tax | 1,757 | 2,159 |
| Overprovision in respect of prior year | (55) | (246) |
| Overseas taxation – current period | 33 | 61 |
| | 1,735 | 1,974 |
| Deferred tax (note 11) | | |
| UK | 4 | 172 |
| Overseas | 252 | – |
| | 1,991 | 2,146 |

(b) Factors affecting tax charge for the period

The tax assessed for the period is different from the standard rate of corporation tax in the UK (28%). The differences are explained below:

| | 14 months ended 28 February 2011 £'000 | % | Year ended 31 December 2009 £'000 | % |
|---|---|----------------|--|----------|
| Profit before taxation | 4,220 | 100.00 | 7,127 | 100.00 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009: 28%) | 1,182 | 28.00 | 1,996 | 28.00 |
| Effects of: | | | | |
| Non-deductible revenue expenditure | 111 | 2.63 | 73 | 1.06 |
| Non-qualifying depreciation | 34 | 0.81 | 52 | 0.73 |
| Share-based payments | 150 | 3.55 | – | – |
| Different rates of tax on overseas results | (48) | (1.14) | 6 | 0.09 |
| Tax losses not utilised | 50 | 1.18 | 116 | 1.65 |
| Movement in deferred tax rate | (95) | (2.25) | – | – |
| Adjustment to tax charge in respect of previous periods | | | | |
| Current tax | (55) | (1.32) | (246) | (3.50) |
| Deferred tax | (5) | (0.12) | 149 | 2.12 |
| Tax charge for the period before highlighted and other non-recurring items | 1,324 | 31.34 | 2,146 | 30.15 |
| Highlighted and other non-recurring items: | | | | |
| Disallowable costs incurred on the abortive acquisition/moving head office | 143 | 3.39 | – | – |
| Impairment of goodwill | 271 | 6.42 | – | – |
| Write off deferred tax asset on German tax losses previously recognised | 680 | 16.11 | – | – |
| Recognition of deferred tax asset on US tax losses not previously recognised | (427) | (10.12) | – | – |
| Tax charge for the period | 1,991 | 47.15 | 2,146 | 30.15 |

Notes to the Accounts

(c) Factors affecting tax charge for future years

At the balance sheet date, the expected standard rate of UK corporation tax was to be reduced to 27%, effective from 1 April 2011, by virtue of previously substantively enacted legislation. The financial statements reflect this rate being used in providing for any deferred tax assets and liabilities at 28 February 2011. The standard rate is however to be reduced to 26% with effect from 1 April 2011, following a subsequent announcement made by the government in March 2011 and there are also planned further reductions of 1% p.a. that will result in a standard rate of 23% at 1 April 2014. The reduction to 26% has been substantively enacted however the further reductions have not been substantively enacted at the date of publication of these financial statements.

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

(d) Tax effects of components of other comprehensive income

| | Before tax 2011 £'000 | Tax charge 2011 £'000 | After tax 2011 £'000 | Before tax 2009 £'000 | Tax credit 2009 £'000 | After tax 2009 £'000 |
|--|--|--|---|--------------------------------|--------------------------------|-------------------------------|
| Exchange differences on translating foreign operations | (353) | – | (353) | (2,950) | – | (2,950) |
| Deferred tax on share-based payments | – | (26) | (26) | – | 21 | 21 |
| Other comprehensive income | (353) | (26) | (379) | (2,950) | 21 | (2,929) |

6. Dividends

For the prior year

A final dividend for 2009 of 3.65 pence per share (£2,698,000) was paid to the equity shareholders on 1 July 2010, being the amount proposed by the Directors, and subsequently approved by the shareholders at the 2010 Annual General Meeting (2009: final dividend for 2008 paid in 2009 of 3.47 pence per share, £2,554,000).

For the current period

On 16 November 2010 an interim dividend of 0.81 pence per share (£597,423) was paid to the equity shareholders (2009: 0.78 pence per share, £574,000).

The Directors declared a second interim dividend of 3.91 pence per share, which was paid on 1 June 2011 to shareholders on the register at close of business on 3 May 2011. The second interim dividend will be £2,825,000.

The Directors propose that a final dividend of 0.28 pence per share was paid to the equity shareholders on 27 September 2011. Based on the number of shares currently in issue, the final dividend will be £207,000. 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 £2,229,000 (2009: £4,981,000) and a weighted average number of Ordinary Shares in issue after deducting 88,760 (2009: 88,760) shares held by the Employee Benefit Trust of 73,735,046 (2009: 73,594,863). The diluted earnings per share has been calculated by reference to earnings of £2,229,000 (2009: £4,981,000) and a weighted average number of Ordinary Shares of 73,735,046 (2009: 73,920,795) 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:

| | 28 February 2011 Number | 31 December 2009 Number |
|--|--|-------------------------------|
| Weighted average number of shares for basic earnings per share | 73,735,046 | 73,594,863 |
| Dilutive effect of share options and awards | – | 325,932 |
| Weighted average number of shares for diluted earnings per share | 73,735,046 | 73,920,795 |

The earnings per share are shown below:

| | 14 months ended 28 February 2011 | Year ended 31 December 2009 |
|----------------------------|---|-----------------------------------|
| Basic earnings per share | 3.02p | 6.77p |
| Diluted earnings per share | 3.02p | 6.74p |

The adjusted earnings per share before amortisation of intangible assets of £1,136,000 (2009: £584,000), impairment of goodwill of £1,532,000 (2009: £nil) and other highlighted items of £781,000 (2009: £nil) are shown below:

| | 14 months ended 28 February 2011 | Year ended 31 December 2009 |
|-------------------------------------|---|-----------------------------------|
| Adjusted basic earnings per share | 7.70p | 7.56p |
| Adjusted diluted earnings per share | 7.70p | 7.53p |

8. Property, plant and equipment

| The Group 14 months ended 28 February 2011 | Short leasehold improvements £'000 | Furniture and fittings £'000 | Computers and other office equipment £'000 | Motor vehicles £'000 | Total £'000 |
|---|---|------------------------------------|--|----------------------------|----------------|
| Cost: | | | | | |
| At 1 January 2010 | 1,664 | 466 | 2,018 | 179 | 4,327 |
| Additions | 176 | 2 | 383 | – | 561 |
| Disposals | – | – | (1) | (22) | (23) |
| Exchange differences | – | – | (11) | – | (11) |
| At 28 February 2011 | 1,840 | 468 | 2,389 | 157 | 4,854 |
| Depreciation: | | | | | |
| At 1 January 2010 | 1,397 | 315 | 1,413 | 141 | 3,266 |
| Charge for the period | 264 | 40 | 314 | 37 | 655 |
| Disposals | – | – | (1) | (22) | (23) |
| Exchange differences | – | – | (9) | – | (9) |
| At 28 February 2011 | 1,661 | 355 | 1,717 | 156 | 3,889 |
| Net book value: | | | | | |
| At 28 February 2011 | 179 | 113 | 672 | 1 | 965 |
| At 1 January 2010 | 267 | 151 | 605 | 38 | 1,061 |

Depreciation is charged to administrative expenses and marketing and distribution costs, as detailed in note 2.

Notes to the Accounts

| The Group | Short leasehold improvements £'000 | Furniture and fittings £'000 | Computers and other office equipment £'000 | Motor vehicles £'000 | Total £'000 |
|------------------------------------|---|------------------------------------|--|----------------------------|----------------|
| Year ended 31 December 2009 | | | | | |
| Cost: | | | | | |
| At 1 January 2009 | 1,664 | 449 | 1,807 | 220 | 4,140 |
| Additions | 1 | 14 | 279 | 10 | 304 |
| Disposals | – | – | (50) | (51) | (101) |
| Subsidiaries acquired | – | 3 | 6 | – | 9 |
| Exchange differences | (1) | – | (24) | – | (25) |
| At 31 December 2009 | 1,664 | 466 | 2,018 | 179 | 4,327 |
| Depreciation: | | | | | |
| At 1 January 2009 | 1,052 | 278 | 1,237 | 130 | 2,697 |
| Charge for the year | 347 | 37 | 237 | 48 | 669 |
| Disposals | – | – | (50) | (37) | (87) |
| Exchange differences | (2) | – | (11) | – | (13) |
| At 31 December 2009 | 1,397 | 315 | 1,413 | 141 | 3,266 |
| Net book value: | | | | | |
| At 31 December 2009 | 267 | 151 | 605 | 38 | 1,061 |
| At 1 January 2009 | 612 | 171 | 570 | 90 | 1,443 |

| The Company | Short leasehold improvements £'000 | Furniture and fittings £'000 | Computers and other office equipment £'000 | Total £'000 |
|----------------------------|---|------------------------------------|--|----------------|
| 14 months ended | | | | |
| 28 February 2011 | | | | |
| Cost: | | | | |
| At 1 January 2010 | 1,634 | 452 | 1,115 | 3,201 |
| Additions | 176 | 1 | 195 | 372 |
| At 28 February 2011 | 1,810 | 453 | 1,310 | 3,573 |
| Depreciation: | | | | |
| At 1 January 2010 | 1,372 | 312 | 925 | 2,609 |
| Charge for the period | 262 | 37 | 119 | 418 |
| At 28 February 2011 | 1,634 | 349 | 1,044 | 3,027 |
| Net book value: | | | | |
| At 28 February 2011 | 176 | 104 | 266 | 546 |
| At 1 January 2010 | 262 | 140 | 190 | 592 |

| The Company | Short leasehold improvements £'000 | Furniture and fittings £'000 | Computers and other office equipment £'000 | Total £'000 |
|------------------------------------|---|------------------------------------|--|----------------|
| Year ended 31 December 2009 | | | | |
| Cost: | | | | |
| At 1 January 2009 | 1,633 | 442 | 1,048 | 3,123 |
| Additions | 1 | 10 | 67 | 78 |
| At 31 December 2009 | 1,634 | 452 | 1,115 | 3,201 |
| Depreciation: | | | | |
| At 1 January 2009 | 1,027 | 278 | 830 | 2,135 |
| Charge for the year | 345 | 34 | 95 | 474 |
| At 31 December 2009 | 1,372 | 312 | 925 | 2,609 |
| Net book value: | | | | |
| At 31 December 2009 | 262 | 140 | 190 | 592 |
| At 1 January 2009 | 606 | 164 | 218 | 988 |

9. Intangible assets

| The Group | Goodwill £'000 | Publishing relationships £'000 | Trademarks £'000 | Imprints £'000 | Subscriber & customer relationships £'000 | Order backlog £'000 | Systems development £'000 | Total £'000 |
|--|-------------------|--------------------------------------|---------------------|-------------------|--|---------------------------|---------------------------------|----------------|
| Total carrying amount of intangible assets: | | | | | | | | |
| At | | | | | | | | |
| 28 February 2011 | 25,664 | 5,324 | 111 | 2,336 | 3,124 | 27 | 655 | 37,241 |
| At | | | | | | | | |
| 31 December 2009 | 27,253 | 4,375 | 111 | 2,303 | 3,474 | 82 | – | 37,598 |
| At 1 January 2009 | 22,459 | 2,254 | 123 | 2,394 | 184 | 129 | – | 27,543 |

| The Company | Publishing relationships £'000 | Systems development £'000 | Total £'000 |
|--|--------------------------------------|---------------------------------|----------------|
| Total carrying amount of intangible assets: | | | |
| At 28 February 2011 | 616 | 655 | 1,271 |
| At 31 December 2009 | – | – | – |
| At 1 January 2009 | – | – | – |

Notes to the Accounts

Goodwill

| | The Group £ '000 | The Company £ '000 |
|---|---------------------|-----------------------|
| 14 months ended 28 February 2011 | | |
| Cost: | | |
| At 1 January 2010 | 31,517 | 721 |
| Additions | 28 | – |
| Revision of cost * | (33) | – |
| Exchange differences | (47) | – |
| At 28 February 2011 | 31,465 | 721 |
| Accumulated impairment losses: | | |
| At 1 January 2010 | 4,264 | 721 |
| Exchange differences | 5 | – |
| Impairment (see note 2) | 1,532 | – |
| At 28 February 2011 | 5,801 | 721 |
| Carrying amount: | | |
| At 28 February 2011 | 25,664 | – |
| At 1 January 2010 | 27,253 | – |

* This represents the cancellation of a consultancy invoice on the 2004 acquisition of Walker Publishing.

| | The Group £ '000 | The Company £ '000 |
|---------------------------------------|---------------------|-----------------------|
| Year ended 31 December 2009 | | |
| Cost: | | |
| At 1 January 2009 | 26,723 | 721 |
| Additions | 5,276 | – |
| Exchange differences | (482) | – |
| At 31 December 2009 | 31,517 | 721 |
| Accumulated impairment losses: | | |
| At 1 January 2009 | 4,264 | 721 |
| Impairment | – | – |
| At 31 December 2009 | 4,264 | 721 |
| Carrying amount: | | |
| At 31 December 2009 | 27,253 | – |
| At 1 January 2009 | 22,459 | – |

| The Group 14 months ended 28 February 2011 | Publishing relationships £'000 | Trademarks £'000 | Imprints £'000 | Subscriber & customer relationships £'000 | Order backlog £'000 | Systems development £'000 | Total £'000 |
|---|--------------------------------------|---------------------|-------------------|--|---------------------------|---------------------------------|----------------|
| Cost: | | | | | | | |
| At 1 January 2010 | 4,846 | 111 | 2,413 | 3,626 | 141 | – | 11,137 |
| Businesses acquired | 849 | – | 81 | – | – | – | 930 |
| Additions | 693 | – | 60 | – | – | 684 | 1,437 |
| Exchange differences | 1 | – | – | – | – | – | 1 |
| At 28 February 2011 | 6,389 | 111 | 2,554 | 3,626 | 141 | 684 | 13,505 |
| Amortisation: | | | | | | | |
| At 1 January 2010 | 471 | – | 110 | 152 | 59 | – | 792 |
| Charge for the period | 594 | – | 108 | 350 | 55 | 29 | 1,136 |
| At 28 February 2011 | 1,065 | – | 218 | 502 | 114 | 29 | 1,928 |
| Net book value: | | | | | | | |
| At 28 February 2011 | 5,324 | 111 | 2,336 | 3,124 | 27 | 655 | 11,577 |
| At 1 January 2010 | 4,375 | 111 | 2,303 | 3,474 | 82 | – | 10,345 |

| The Group Year ended 31 December 2009 | Publishing relationships £'000 | Trademarks £'000 | Imprints £'000 | Subscriber & customer relationships £'000 | Order backlog £'000 | Total £'000 |
|--|--------------------------------------|---------------------|-------------------|--|---------------------------|----------------|
| Cost: | | | | | | |
| At 1 January 2009 | 2,428 | 123 | 2,413 | 187 | 141 | 5,292 |
| Subsidiaries acquired | 2,445 | – | – | 3,439 | – | 5,884 |
| Exchange differences | (27) | (12) | – | – | – | (39) |
| At 31 December 2009 | 4,846 | 111 | 2,413 | 3,626 | 141 | 11,137 |
| Amortisation: | | | | | | |
| At 1 January 2009 | 174 | – | 19 | 3 | 12 | 208 |
| Charge for the year | 297 | – | 91 | 149 | 47 | 584 |
| At 31 December 2009 | 471 | – | 110 | 152 | 59 | 792 |
| Net book value: | | | | | | |
| At 31 December 2009 | 4,375 | 111 | 2,303 | 3,474 | 82 | 10,345 |
| At 1 January 2009 | 2,254 | 123 | 2,394 | 184 | 129 | 5,084 |

Goodwill 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 1 November 2010 A&C Black acquired the business and net assets of Duckworth Academic for a cash consideration of £1,100,000. It was renamed Bristol Classical Press and is being managed under the Bloomsbury Academic imprint. Bloomsbury has identified academic and professional publishing as a growth area for the Group. Bringing Bristol Classical Press into Bloomsbury Academic is an important stepping stone in the development of our publishing in this area. The acquisition has been accounted for using the acquisition method of accounting. The goodwill of £28,000 and intangibles of £930,000 arising on the acquisition have been capitalised in the Group balance sheet.

Under the Sale and Purchase Agreement the seller has given indemnifications in respect of any obligations and legal cost arising out of non-payment of due and committed advances, royalties and outstanding distribution and agency contracts at the time of sale.

Notes to the Accounts

The table below summarises the book values of the major categories of assets and liabilities of Duckworth Academic 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 | – | 930 | 930 |
| Inventories | 113 | – | 113 |
| Unearned royalty advances | 9 | – | 9 |
| Other receivables | – | 20 | 20 |
| | 122 | 950 | 1,072 |
| Goodwill | | | 28 |
| Consideration | | | 1,100 |
| Consideration satisfied by: | | | |
| Cash | | | 1,100 |
| Net cash outflow arising on acquisition: | | | |
| Cash consideration | | | 1,100 |

Identifiable intangible assets of £930,000 consist of publishing rights of £849,000 and imprints of £81,000. The publishing rights have a useful life of fourteen years and imprints thirty years. The goodwill is attributable to the expected profitability of the acquired business and the synergies expected to arise after the acquisition. The goodwill arising on the acquisition of £28,000 is expected to be fully deductible for tax purposes.

The following pro forma summary presents the Group as if Duckworth Academic was acquired on 1 January 2010. The pro forma amounts do not include any possible synergies from the acquisition. The pro forma information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

| | 14 months ended 28 February 2011 £'000 |
|--|---|
| Revenue | 104,015 |
| Profit attributable to equity shareholders | 2,268 |

From 1 November 2010 revenue of £215,000 and profit attributable to equity shareholders of £22,000 has been included in the consolidated income statement in relation to Duckworth Academic.

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

| | 14 months ended 28 February 2011 £'000 | Year ended 31 December 2009 £'000 |
|--------------------|---|--|
| United Kingdom | 22,413 | 22,385 |
| North America | 3,251 | 3,290 |
| Continental Europe | – | 1,578 |
| | 25,664 | 27,253 |

The carrying amount of trademarks of £111,000 (2009: £111,000) which have an indefinite useful life is included in the North American cash-generating unit.

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 28 February 2012 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 valuations which were required to be undertaken as a result of the acquisitions made, and the useful lives of some of the separately identifiable intangibles acquired on recent acquisitions, such as imprints and certain publishing relationships, which were assessed in the valuations as twenty years or greater.

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

- The discount rates used were 9.5%–11.0% (2009 8.5%–9.5%) for the United Kingdom, 10.5% (2009: 10.5%) for North America and 11% (2009: 11%) for Continental Europe. These are justified, as although current interest rates remain low, 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, other than for Continental Europe where projected cost savings at gross margin level have been taken into account.
- The budgeted revenue and cost increases for the year to February 2012 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 February 2012 | 3.5%–15.8% | 5.5% | 4.0% |
| Overhead growth after February 2012 | 1.5%–11.9% | 4.0% | 3.0% |

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. The rates include Berg and Bloomsbury Professional who have higher growth rates than the rest of the Group following the launch of online platforms.

The Group's impairment review is sensitive to a change in the key assumptions used, most notably the discount rates and growth rates. Based on the Group's sensitivity analysis a reasonably possible change in the growth rate of the Walker, Wisden and Duckworth Cash Generating Units (CGU's) could cause impairment. In addition a reasonably possible change in the discount rate of the Wisden and Duckworth CGU's could also result in impairment.

Notes to the Accounts

Walker is included in the North American segment. Wisden and Duckworth are included in the UK segment.

The fair value of Walker is 6.12% or £0.4m above its carrying value, but a decrease of 1% on the variable elements of the business would cause the value in use to fall below the carrying value.

The fair value of Wisden is 5.92% or £0.18m above its carrying value, but a decrease of 1% on the variable elements of the business would cause the value in use to fall below the carrying value. Likewise a 1% increase in the discount rate used would also cause the value in use to fall below the carrying value.

The fair value of Duckworth is 2.87% or £0.03m above its carrying value, but a decrease of 1% on the variable elements of the business would cause the value in use to fall below the carrying value. Likewise a 1% increase in the discount rate used would also cause the value in use to fall below the carrying value.

10. Investments in subsidiary companies

| | 14 months ended 28 February 2011 £'000 | Year ended 31 December 2009 £'000 |
|--|--|---|
| The Company | | |
| Cost | | |
| Investments in share capital of wholly owned subsidiaries at cost: | | |
| At 1 January | 53,116 | 43,021 |
| Additions | – | 10,095 |
| Revision of cost* | (33) | – |
| | 53,083 | 53,116 |
| Impairment | | |
| At 1 January | 9,442 | 8,719 |
| Charge for the period | 7,452 | 723 |
| | 16,894 | 9,442 |
| Carrying amount: | | |
| At period end | 36,189 | 43,674 |
| At 1 January | 43,674 | 34,302 |

* This represents the cancellation of a consultancy invoice on the 2004 acquisition of Walker Publishing.

The additions in 2009 of £10,095,000 represent the investment in Tottel Publishing Limited.

An impairment review assessing the carrying value of the investments, which took account of economic factors in Germany, in particular the weakness of the retail market there, and forecasts not supporting the carrying value was carried out in February 2011 and the investment in Berlin Verlag was written down by £7,452,000 (2009: £723,000 write down of investment in Bloomsbury Publishing Inc). In testing impairment of investments, the recoverable amount is calculated on the basis of future cash flows. Operating performance is based on the Board's approved budgets for the period ending 28 February 2012 and extrapolated forecasts for subsequent years up to 2023 using a growth rate of 2% – 4% and a discount rate of 12%.

The subsidiary companies at 28 February 2011 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 | USA | 100% | Publishing |
| BV Berlin Verlag GmbH | Germany | 100% | Publishing |
| Bloomsbury Book Publishing Company Limited | England | 100% | Non-trading |
| Bloomsbury Information Limited | England | 100% | Publishing |
| Bloomsbury Professional Limited | England | 100% | Publishing |
| Bloomsbury Australia PTY Limited | Australia | 100% | Publishing |
| 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 |
| 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 |

Notes to the Accounts

11. Deferred tax

The deferred tax assets and liabilities are included below at the future tax rate of 27% which is effective from 1 April 2011.

| The Group | Tax losses carried forward £'000 | Property, plant and equipment temporary differences £'000 | Retirement benefit obligation £'000 | Share options £'000 | Acquisitions £'000 | Other £'000 | Total £'000 |
|--|-------------------------------------|--|--|------------------------|-----------------------|----------------|----------------|
| At 1 January 2009 | 1,020 | 68 | 39 | 292 | (1,328) | 610 | 701 |
| Adjustment to b/f | – | – | – | – | 449 | – | 449 |
| Credit/(charge) to the income statement | (172) | 5 | (21) | 22 | 146 | (152) | (172) |
| Credit to other comprehensive income | – | – | – | 21 | – | – | 21 |
| Exchange differences | (53) | – | – | – | – | (101) | (154) |
| Subsidiaries acquired | 86 | – | – | – | (1,200) | – | (1,114) |
| At 31 December 2009 | 881 | 73 | 18 | 335 | (1,933) | 357 | (269) |
| Credit/(charge) to the income statement | (309) | (47) | (1) | – | (380) | 385 | (352) |
| Credit/(charge) to the income statement due to change in future tax rate | (1) | 7 | – | – | 43 | 47 | 96 |
| Charge to other comprehensive income | – | – | – | (26) | – | – | (26) |
| Exchange differences | (42) | – | – | – | – | – | (42) |
| Reallocation | 809 | – | (1) | (19) | – | (789) | – |
| At 28 February 2011 | 1,338 | 33 | 16 | 290 | (2,270) | – | (593) |

| The Company | Tax losses carried forward £'000 | Property, plant and equipment temporary differences £'000 | Retirement benefit obligation £'000 | Share options £'000 | Acquisitions £'000 | Other £'000 | Total £'000 |
|---|-------------------------------------|--|--|------------------------|-----------------------|----------------|----------------|
| At 1 January 2009 | – | 8 | – | 301 | – | – | 309 |
| Credit to the income statement | – | 14 | – | – | – | 22 | 36 |
| Credit to other comprehensive income | – | – | – | 21 | – | – | 21 |
| At 31 December 2009 | – | 22 | – | 322 | – | 22 | 366 |
| Charge to the income statement | – | (47) | – | (22) | – | (1) | (70) |
| Credit to the income statement due to change in future tax rate | – | 7 | – | 3 | – | – | 10 |
| Charge to other comprehensive income | – | – | – | (26) | – | – | (26) |
| At 28 February 2011 | – | (18) | – | 277 | – | 21 | 280 |

A deferred tax asset has been recognised in respect of the amount of tax losses of Bloomsbury Publishing Inc that the Group's projections indicate will be recovered within three years of the balance sheet date. Previously recognised deferred tax assets for BV Berlin Verlag GmbH have been written off due to the impairment of the parent's investment in that subsidiary.

The analysis for financial reporting purposes is as follows:

| | The Group | | The Company | |
|--------------------------|------------------|------------------|------------------|------------------|
| | 28 February 2011 | 31 December 2009 | 28 February 2011 | 31 December 2009 |
| | £'000 | £'000 | £'000 | £'000 |
| Deferred tax assets | 1,583 | 1,965 | 280 | 366 |
| Deferred tax liabilities | (2,176) | (2,234) | – | – |
| | (593) | (269) | 280 | 366 |

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

| | The Group | | The Company | |
|----------------------------|------------------|------------------|------------------|------------------|
| | 28 February 2011 | 31 December 2009 | 28 February 2011 | 31 December 2009 |
| | £'000 | £'000 | £'000 | £'000 |
| Tax losses carried forward | 1,443 | 1,275 | – | – |
| | 1,443 | 1,275 | – | – |

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 sufficiently certain.

The gross tax losses on which no deferred asset has been recognised were £4,745,484 (2009: £3,555,000). This relates to tax losses for certain subsidiaries in the US, Germany and UK. The losses in the US can be carried forward for twenty years, whilst the losses in Germany and the UK can be carried forward indefinitely.

12. Inventories

| | The Group | | The Company | |
|---------------------------|------------------|------------------|------------------|------------------|
| | 28 February 2011 | 31 December 2009 | 28 February 2011 | 31 December 2009 |
| | £'000 | £'000 | £'000 | £'000 |
| Raw materials | 370 | 132 | 9 | 5 |
| Work in progress | 4,940 | 4,029 | 1,043 | 824 |
| Finished goods for resale | 13,024 | 12,189 | 1,977 | 1,383 |
| | 18,334 | 16,350 | 3,029 | 2,212 |

The amount included in cost of sales relating to the inventory provision and write down recognised as an expense is £4,796,000 (2009: £4,982,000) for the Group and £1,051,000 (2009: £1,275,000) for the Company. The amount included in cost of sales relating to the cost of inventories sold is £24,942,000 (2009: £17,820,000) for the Group and for the Company £9,642,000 (2009: £7,101,000).

Notes to the Accounts

13. Trade and other receivables

| | The Group | | The Company | |
|------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 28 February 2011 £'000 | 31 December 2009 £'000 | 28 February 2011 £'000 | 31 December 2009 £'000 |
| Non-current assets | | | | |
| Amounts owed by group undertakings | – | – | 12,128 | 10,979 |
| Current assets | | | | |
| Recoverable within 12 months: | | | | |
| Trade receivables | 21,378 | 21,601 | 8,175 | 9,034 |
| Amounts owed by group undertakings | – | – | 4,764 | 3,109 |
| Income tax recoverable | – | 56 | – | – |
| Other receivables | 191 | 429 | 309 | 271 |
| Prepayments and accrued income | 25,083 | 22,576 | 8,548 | 7,196 |
| | 46,652 | 44,662 | 21,796 | 19,610 |
| Recoverable after 12 months: | | | | |
| Prepayments and accrued income | 2,067 | 2,847 | 2,067 | 2,847 |
| | 48,719 | 47,509 | 23,863 | 22,457 |

The non-current amounts owed by group undertakings represent loan balances due from subsidiary companies. These loans are technically repayable on demand, however there is no intention to demand repayment of the loans within the next twelve months.

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 28 February 2011 the average number of days' credit taken for sales of books by the Group was 96 days (31 December 2009: 107 days), and the average number of days' credit taken by the Company was 92 days (31 December 2009: 119 days). The majority of trade receivables are secured by credit insurance, third party distributors and letters of credit. At the period end an allowance has been made for estimated irrecoverable amounts from the sale of goods of £745,000 (2009: £1,044,000) by the Group and of £219,000 (2009: £388,000) by the Company. This allowance has been made by reference to specific debts, past default experience, trading history and the current economic environment. The decrease in the period-end provision on trade receivables since 31 December 2009 was £299,000 (2009: increase £237,000) for the Group and £169,000 (2009: £88,000) for the Company. The impairment loss was £171,000 (2009: £107,000) for the Group and £99,000 (2009: credit £28,000) for the Company. The £470,000 difference between the provision movement and the income statement charge for the Group in the period ended 28 February 2011 was due in the main to usage of the provision during the period. The £268,000 difference for the Company was due to usage of the provision during the period.

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 period end. A provision for the Group of £6.51m (2009: £6.51m), at margin, for future returns relating to the current period and prior year sales has been included in trade receivables in the balance sheet at 28 February 2011. This included a provision for the Company of £2.21m (2009: £2.14m). A 1% change in the closing returns provision rates would have an impact of £0.31m for the Group (2009: £0.26m). In addition to books returned by customers during 2009, there was a write-back in the returns provision relating to changes in assumptions made in respect of the provision brought forward from the prior year which, as a result of the level of returns actually received during the period, is no longer required. The value of the write-back to the income statement is £nil (year to 31 December 2009: £0.58m).

The reconciliation of the Group's returns provision balance is shown below:

| | 28 February 2011 £'000 | 31 December 2009 £'000 |
|----------------------------------|---------------------------------------|------------------------------|
| At 1 January 2010 | 6,505 | 7,783 |
| Exchange difference | (19) | (431) |
| Change in basis of calculation | – | (581) |
| Subsidiaries acquired | – | 186 |
| Provision made in the period | 11,079 | 8,340 |
| Provision utilised in the period | (11,053) | (8,792) |
| At 28 February 2011 | 6,512 | 6,505 |

The change in the basis of the calculation takes account of the reassessment of likely returns rates based on the level of actual returns in the period.

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 charged to the income statement for the difference between the carrying value and the anticipated recoverable amount from future earnings ("advance provision"). The advance provision charged to the income statement for the Group was £3.67m for the fourteen months to 28 February 2011 (year to 31 December 2009: £3.44m). The provision for the Company has been increased by £0.88m (year to 31 December 2009: £1.03m). The net advance is included within prepayments and accrued income.

The movement on the advance provision for the Group during the period is shown below:

| | 14 months ended 28 February 2011 £'000 | Year ended 31 December 2009 £'000 |
|--|---|--|
| Reversal of provision no longer required | – | (1,624) |
| Provisions made in the period | 3,668 | 5,062 |
| Total charge to income statement | 3,668 | 3,438 |
| Provisions used to write off advances | (1,682) | (1,960) |
| Exchange difference | (273) | (474) |
| Net movement in provision | 1,713 | 1,004 |

14. Equity share capital

| | 28 February 2011 £'000 | 31 December 2009 £'000 |
|--|---------------------------------------|------------------------------|
| Authorised: | | |
| 91,688,948 Ordinary Shares of 1.25p each (2009, 92,000,000 Ordinary Shares of 1.25p each) | 1,146 | 1,150 |
| Allotted, called up and fully paid: | | |
| 73,844,724 Ordinary Shares of 1.25p each (2009, 73,683,623 Ordinary Shares of 1.25p each) | 924 | 922 |

Notes to the Accounts

Movements in the allotted share capital during the period are:

| | Number | £ '000 |
|----------------------------|-------------------|------------|
| At 1 January 2010 | 73,683,623 | 922 |
| Shares allotted | 332,601 | 4 |
| Shares cancelled | (171,500) | (2) |
| At 28 February 2011 | 73,844,724 | 924 |

| | Number | £ '000 |
|----------------------------|-------------------|------------|
| At 1 January 2009 | 73,683,623 | 922 |
| At 31 December 2009 | 73,683,623 | 922 |

As set out in the Directors Report on pages 25 to 32, during the period the Company purchased 171,500 own shares of 1.25 pence being approximately 0.2% of issued shares as follows:

| Date of purchase | Shares purchased Number | Price per share £ | % issued share capital |
|------------------|----------------------------|-------------------------|------------------------------|
| 20 May 10 | (79,000) | £1.09 | 0.1% |
| 28 May 10 | (80,000) | £1.09 | 0.1% |
| 11 June 10 | (12,500) | £1.14 | 0.0% |

All shares purchased during the period were cancelled and no shares were held as Treasury Shares. The purchase of shares was undertaken to take advantage of temporarily weak market conditions and to use cash favourably.

As at 28 February 2011, 165,000 of the options granted were still outstanding in respect of Ordinary Shares under the 1994 Approved Executive Share Option Scheme ("Approved 1994 ESOS") and the 1994 Unapproved Executive Share Option Scheme ("Unapproved 1994 ESOS"):

| Scheme | Date of grant | No. of Shares | Subscription price | Exercisable |
|----------------------|-------------------|------------------|-----------------------|-------------|
| Approved 1994 ESOS | 5 April 2001 | 26,752 | 175.50p | 2004 – 2011 |
| Approved 1994 ESOS | 1 October 2001 | 40,688 | 179.75p | 2004 – 2011 |
| Approved 1994 ESOS | 23 September 2002 | 8,000 | 143.50p | 2005 – 2012 |
| Approved 1994 ESOS | 7 April 2003 | 35,560 | 178.75p | 2006 – 2013 |
| Approved 1994 ESOS | 26 March 2004 | 4,000 | 249.50p | 2007 – 2014 |
| Unapproved 1994 ESOS | 23 March 2004 | 50,000 | 249.50p | 2007 – 2011 |

At 28 February 2011, 2,545,981 of the conditional awards granted over Ordinary Shares were still outstanding under the terms of the 2005 Performance Share Plan ("2005 PSP"). Subject to the satisfaction of the performance criteria approved by the Remuneration Committee, the awards that vest are exercisable in whole, in part or not at all, 3 years after the date of grant of awards.

| Scheme | Date of grant | No. of Shares | Strike price at award | Exercisable |
|----------|-------------------|---------------|-----------------------|-------------------|
| 2005 PSP | 12 May 2008 | 782,423 | 144.50p | 12 May 2011 |
| 2005 PSP | 25 September 2009 | 834,446 | 120.50p | 25 September 2012 |
| 2005 PSP | 18 December 2009 | 9,343 | 126.50p | 18 December 2012 |
| 2005 PSP | 6 May 2010 | 919,769 | 110.00p | 6 May 2013 |

At 28 February 2011, 76,191 of the options granted were still outstanding under the 2005 Bloomsbury Sharesave Plan ("Sharesave").

| | Date of grant | No. of Shares | Exercise price | Exercisable* |
|-----------|---------------|---------------|----------------|----------------------|
| Sharesave | 8 June 2007 | 1,096 | 148.20p | July 2010 – Dec 2010 |
| Sharesave | 5 June 2008 | 75,095 | 115.60p | July 2011 – Dec 2011 |

* Exercisable dates for Sharesave correspond to the original exercisable dates as at the date of grant of the Sharesave options and do not take account of extension to the dates due to payment holidays taken by participants.

At 28 February 2011 120,000 of the Share Appreciation rights granted were still outstanding under the 2006 Share Appreciation Rights Scheme ("2006 SAR"). Subject to the satisfaction of performance conditions approved by the Remuneration Committee, these awards are exercisable for a period of four years following the date of vesting.

| | Date of award | No. of appreciation rights | Base price of award | Exercisable |
|----------|---------------|----------------------------|---------------------|---------------------|
| 2006 SAR | 1 November 06 | 40,000 | 249.50p | Mar 2007 – Mar 2011 |
| 2006 SAR | 1 November 06 | 40,000 | 337.90p | Nov 2008 – Nov 2012 |
| 2006 SAR | 1 November 06 | 40,000 | 315.25p | Oct 2009 – Oct 2013 |

At 28 February 2011, 16,000 of the share options granted were still outstanding under the 2007 Unapproved Employee Share Option Scheme ("Unapproved 2007 ESOS"). Subject to the achievement of performance conditions approved by the Remuneration Committee the awards are exercisable from the date of grant up to April 2011.

| | Date of grant | No. of Shares | Subscription price | Exercisable |
|----------------------|------------------|---------------|--------------------|---------------------|
| Unapproved 2007 ESOS | 18 December 2007 | 16,000 | 175.50p | Dec 2007 – Apr 2011 |

15. Non-current liabilities

The retirement benefit obligations 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 the authors' share of rights receivable falling due after more than one year.

Notes to the Accounts

16. Trade and other payables

| | The Group | | The Company | |
|------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 28 February 2011 £'000 | 31 December 2009 £'000 | 28 February 2011 £'000 | 31 December 2009 £'000 |
| Current liabilities: | | | | |
| Trade payables | 9,156 | 5,913 | 4,391 | 2,264 |
| Amounts owed to group undertakings | – | – | 5,050 | 4,208 |
| Taxation and social security | 353 | 350 | 199 | 196 |
| Other payables | 961 | 1,414 | 663 | 940 |
| Accruals | 16,068 | 13,271 | 9,651 | 8,012 |
| Deferred income | 2,582 | 2,121 | – | – |
| | 29,120 | 23,069 | 19,954 | 15,620 |

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. At 28 February 2011 the average number of days' credit taken for purchases by the Group was 55 days (31 December 2009: 50 days).

17. Lease obligations

The Group as a lessee:

| | 28 February 2011 £'000 | 31 December 2009 £'000 |
|--|------------------------------|------------------------------|
| Payments under operating leases recognised as expense for the period | 1,406 | 1,159 |

At 28 February 2011 the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

| | 28 February 2011 £'000 | 31 December 2009 £'000 |
|----------------------------|------------------------------|------------------------------|
| Within one year | 949 | 880 |
| Between one and five years | 2,731 | 200 |
| After more than five years | 3,050 | – |
| | 6,730 | 1,080 |

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 twenty years (2009: three years). The lease at the new headquarters in Bedford Square is for a period of twenty years with an option to break the lease at the tenth year. The effective rent free period is two 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 (2009: three years). The operating leases over equipment are in respect of office equipment. The lease terms are for an average of one year (2009: two years).

18. Share-based payments

The Company operates equity-settled share-based payment arrangements as set out in note 14 above. For the period ended 28 February 2011 the Group recognised total expenses related to equity-settled share-based payment transactions of £804,105 (2009: £88,000).

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

Under the rules of the Schemes the exercise price as at 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. All outstanding options vested prior to the start of the period. If an option remains unexercised after a period of ten years (Approved) or seven years (Unapproved) from the date of grant, the option lapses. Furthermore, except in certain circumstances, options lapse if the employee leaves the Group.

| | 28 February 2011 Number of options | Weighted average exercise price 28 February 2011 Pence | 31 December 2009 Number of options | Weighted average exercise price 31 December 2009 Pence |
|---------------------------|---|--|---|---|
| Outstanding at 1 January | 659,398 | 207.06 | 707,398 | 204.70 |
| Lapsed | (494,398) | 209.44 | (48,000) | 164.06 |
| Outstanding at period end | 165,000 | 199.92 | 659,398 | 207.06 |
| Exercisable at period end | 165,000 | 199.92 | 659,398 | 207.06 |

The options outstanding at 28 February 2011 had a weighted average contractual life of 9 months (31 December 2009: one year and six months). The range of exercise prices at 28 February 2011 can be found in note 14 above.

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

Under the rules of the PSP, Performance Share awards of fully paid Ordinary Shares are granted for nil consideration. 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 Directors' Remuneration Report on pages 39 to 45) approved by the Remuneration Committee. Except in certain circumstances, awards lapse if the employee leaves the Group.

| | Conditional Awards 14 months ended 28 February 2011 Number | Conditional Awards Year ended 31 December 2009 Number |
|---------------------------|--|--|
| Outstanding at 1 January | 2,365,301 | 1,804,820 |
| Granted during the period | 961,299 | 896,302 |
| Exercised | (307,723) | — |
| Lapsed | (482,239) | (335,821) |
| Outstanding at period end | 2,536,638 | 2,365,301 |
| Exercisable at period end | — | — |

Of the 307,723 PSP awards exercised, 218,425 were exercised at share price of £1.15 per share and 89,298 were exercised at a share price of £1.04 per share.

Notes to the Accounts

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

Date of grant 6 May 2010

| | Increase in EPS over RPI | Total Shareholder Return |
|--------------------------------|--------------------------------|--------------------------------|
| Performance condition | | |
| Share price | 112.5 pence | 112.5 pence |
| Expected term | 3 years | 3 years |
| Volatility | n/a | 37.1% |
| Performance condition discount | n/a | n/a |
| Risk Free Interest Rate | n/a | 1.7% |
| Fair Value charge per award | 112.5 pence | 76.2 pence |

Awards made under the PSP Plan vest on the third anniversary of grant and 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.

2009 Conditional Share Awards

During 2009, the Company made an award 9,343 Performance Shares under the PSP to an employee to vest on 12 May 2011 subject to the achievement of performance conditions set by the Remuneration Committee.

| | Conditional Awards 14 months ended 28 February 2011 Number | Conditional Awards Year ended 31 December 2009 Number |
|---------------------------|---|--|
| Outstanding at 1 January | 9,343 | – |
| Granted during the period | – | 9,343 |
| Outstanding at period end | 9,343 | 9,343 |
| Exercisable at period end | – | – |

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.

| | Sharesave options 14 months ended 28 February 2011 Number | Weighted average exercise price Pence | Sharesave options Year ended 31 December 2009 Number | Weighted average exercise price Pence |
|---------------------------|--|--|---|---|
| Outstanding at 1 January | 113,282 | 125.01 | 147,043 | 148.53 |
| Lapsed | (37,091) | 143.37 | (33,761) | 227.44 |
| Outstanding at period end | 76,191 | 116.07 | 113,282 | 125.01 |
| Exercisable at period end | 1,096 | 148.20 | 679 | 275.2 |

The outstanding Sharesave options at 28 February 2011 had a weighted average remaining contractual life of 10 months (31 December 2009: one year and eight months). The range of exercise prices at 28 February 2011 can be found in note 14 above.

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

Under the rules of the SAR Scheme awards granted provide participants the right to buy a number of Company shares at their nominal value. The awards have an exercise price which is set at the time of granting the awards and the number of shares that can be acquired under the award is that which has a value equal to the excess of the market price of the Company's shares at date of exercise over the exercise price for the award. SAR awards are exercisable for four years after the vesting date subject to satisfying an Earnings per Share condition which is tested at the date of exercise.

| | SAR Scheme Awards 14 months ended 28 February 2011 Number | Weighted average exercise price Pence | SAR Scheme Awards Year ended 31 December 2009 Number | Weighted average exercise price Pence |
|---------------------------|--|--|---|---|
| Outstanding at 1 January | 146,792 | 277.68 | 146,792 | 277.68 |
| Lapsed | (26,792) | 173.75 | – | – |
| Outstanding at period end | 120,000 | 300.88 | 146,792 | 277.68 |
| Exercisable at period end | 120,000 | 300.88 | 120,000 | 300.88 |

The SAR Scheme awards outstanding at 28 February 2011 had a weighted average contractual life of 18 months (31 December 2009: 25 months). The range of exercise prices at 28 February 2011 can be found in note 14 above.

Notes to the Accounts

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

During 2007 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 14 months ended 28 February 2011 Number | Weighted average exercise price Pence | 2007 ESOS Scheme Awards Year ended 31 December 2009 Number | Weighted average exercise price Pence |
|---------------------------|--|--|---|--|
| Outstanding at 1 January | 88,760 | 212.18 | 88,760 | 212.18 |
| Lapsed | (72,760) | 220.25 | – | – |
| Outstanding at period end | 16,000 | 175.50 | 88,760 | 212.18 |
| Exercisable at period end | 16,000 | 175.50 | 88,760 | 212.18 |

The 2007 ESOS Scheme awards outstanding at 28 February 2011 had a weighted average contractual life of 2 month (31 December 2009: ten months). The range of exercise prices at 28 February 2011 can be found in note 14 above.

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

The EBT is an independent discretionary trust established to acquire issued shares of the Company to satisfy any of the share based incentive schemes and plans of the Company. All employees of the Group are potential beneficiaries of the EBT. At 28 February 2011 the trust held 88,760 (2009: 88,760) ordinary shares of the Company. 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 28 February 2011 was £106,000 (2009: £112,000). Whilst the trustee has power to subscribe for Ordinary Shares and to acquire Ordinary shares in the market or from treasury, it is not permitted to hold more than five percent of the issued share capital without prior approval of the shareholders.

As at the date of signing this Annual Report, the Trust held 1,600,610 ordinary shares of 1.25 pence being approximately 2.2% of the issued ordinary share capital. The Trust made the following purchases of the Company's shares following the end of the period to the date of signing this Annual Report:

| Date of transaction | Shares purchased Number | Price per share |
|----------------------------|--|--------------------------------|
| 28 March 11 | 35,000 | £1.27 |
| 31 March 11 | 615,000 | £1.31 |
| 4 April 11 | 10,000 | £1.31 |
| 5 April 11 | 185,000 | £1.32 |
| 6 April 11 | 27,500 | £1.31 |
| 7 April 11 | 639,350 | £1.32 |

19. Commitments and contingent liabilities

The Group is committed to paying royalty advances to authors under publishing contracts during subsequent financial years. At 28 February 2011 this commitment amounted to £15,115,000 (2009: £14,902,000).

The Group is implementing a new centralised publishing and distribution workflow system for which it has a commitment of £250,000 (2009: £nil).

The Group is also committed to paying £1,285,000 to cover the refurbishment cost of the new offices at Bedford Square (2009: £nil).

There is a contingent consideration for the 2008 acquisition of Oxford International Publishers Limited t/a Berg Publishers. It is based on the average revenues for the Berg Fashion Library element of the business payable in 2014 and 2015 up to a maximum of £1,000,000. None of the contingent consideration has been recognised as a reliable measurement cannot be ascertained due to the timescales the contingent consideration is based on.

20. Post balance sheet events

The Directors declared a second interim dividend of 3.91 pence per share (£2,825,000), which was paid on 1 June 2011 to shareholders on the register at close of business on 3 May 2011.

The Directors propose that a final dividend of 0.28 pence per share (2009: 3.65 pence per share) will be paid to the equity shareholders on 27 September 2011 to Ordinary Shareholders on the register at close of business on 26 August 2011. Based on the number of shares currently in issue, excluding shares held by the Employee Benefit Trust, the final dividend will be £202,000 (2009: £2,689,000). 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 advantage of the exemption available under Section 408 of the Companies Act 2006 not to present the company income statement. The Company's loss for the period was £6,188,000 (2009: profit £2,672,000). This is after highlighted items and after impairment of the investment in Berlin Verlag of £7,452,000 (2009: £723,000 impairment of the investment in Bloomsbury Publishing Inc) and partial write off of the inter-company balance with Belin Verlag of £1,800,000 (2009: £nil) as a result of the impairment review (note 10). The Company's profit for the period before the impairment of the investment and inter-company write off and after highlighted items was £3,064,000 (2009: £3,395,000). The Company's total comprehensive income for the period is a loss of £6,214,000 (2009: profit of £2,693,000).

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.

Notes to the Accounts

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 policies 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 2009.

The capital structure of the Group comprises equity attributable to owners 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.

| | Note | The Group | | The Company | |
|---|------|------------------------------|------------------------------|------------------------------|------------------------------|
| | | 28 February 2011 £'000 | 31 December 2009 £'000 | 28 February 2011 £'000 | 31 December 2009 £'000 |
| Loans and receivables | | | | | |
| Trade receivables | 13 | 21,378 | 21,601 | 8,175 | 9,034 |
| Amounts owed by group undertakings | 13 | – | – | 16,892 | 14,088 |
| Rights income receivable | | 1,167 | 1,430 | 882 | 1,037 |
| Cash and cash equivalents | | 36,876 | 35,036 | 29,010 | 31,084 |
| Total financial assets | | 59,421 | 58,067 | 54,959 | 55,243 |
| Trade payables | 16 | 9,156 | 5,913 | 4,391 | 2,264 |
| Other payables | 16 | 961 | 1,414 | 663 | 940 |
| Accruals | 16 | 16,068 | 13,271 | 9,651 | 8,012 |
| Amounts owed to group undertakings | 16 | – | – | 5,050 | 4,208 |
| Other payables due after one year | 15 | 467 | 353 | 465 | 351 |
| Total financial liabilities, measured at amortised cost* | | 26,652 | 20,951 | 20,220 | 15,775 |
| Net financial instruments | | 32,769 | 37,116 | 34,739 | 39,468 |

* These amounts also represent the contractual cash payments due.

2. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return 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 management, as well as policies covering specific areas, such as funding, foreign exchange risk, interest rate risk, credit risk and investment 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 on changes in market interest rates.

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

- Invest 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, US dollars or AUS dollars
- Pay interest at a fixed, floating or discount rate

The Group has financial assets comprising cash and short-term bank deposits of £36,876,000 at 28 February 2011 (2009: £35,036,000). The Company has financial assets comprising cash and short-term bank deposits of £29,010,000 at 28 February 2011 (2009: £31,084,000). Short-term bank deposits are at fixed rates, and the maturity terms range between one day and one month (2009: four days and three months). Cash at bank is at variable rates. The average rate of interest on cash deposits for the Group and the Company during the period ended 28 February 2011 was 1.08% (2009: 2.6%).

| | The Group | | The Company | |
|---------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 28 February 2011 £'000 | 31 December 2009 £'000 | 28 February 2011 £'000 | 31 December 2009 £'000 |
| Cash at bank and on hand | 12,300 | 6,946 | 4,434 | 2,994 |
| Short-term bank deposits | 24,576 | 28,090 | 24,576 | 28,090 |
| Cash and cash equivalents | 36,876 | 35,036 | 29,010 | 31,084 |

The Group had no borrowings at 28 February 2011 or 31 December 2009.

Notes to the Accounts

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:

| | 2011 £'000 | 2009 £'000 |
|---|---------------|---------------|
| Impact on equity | | |
| 1% increase in base rate of interest (2009: 3%) | 369 | 1,051 |
| 0.5% decrease in base rate of interest (2009: 3%) | (184) | (1,051) |
| Impact on profit or loss | | |
| 1% increase in base rate of interest (2009: 3%) | 369 | 1,051 |
| 0.5% decrease in base rate of interest (2009: 3%) | (184) | (1,051) |

(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 £59,421,000 (2009: £58,067,000), comprising certain receivables as above and cash and cash equivalents, £6,775,000 is denominated in US dollars (2009: £5,705,000), £3,010,000 is denominated in euros (2009: £3,736,000) and £1,052,000 is denominated in Australian dollars (2009: £nil). Of the Group's total financial liabilities of £26,652,000 (2009: £20,951,000), £2,479,000 is denominated in US dollars (2009: £1,851,000), £2,715,000 is denominated in euros (2009: £2,110,000) and £1,978,000 is denominated in Australian dollars (2009: £nil).

Of the Company's total financial assets of £54,959,000 (2009: £55,243,000), comprising certain receivables as above and cash and cash equivalents, £506,000 is denominated in US dollars (2009: £1,010,000), £314,000 is denominated in euros (2009: £432,000) and £3,000 is denominated in Australian dollars (2009: £nil). Of the Company's total financial liabilities of £20,220,000 (2009: £15,775,000), £2,000 is denominated in US dollars (2009: £94,000) and £nil is denominated in euros (2009: £108,000).

The foreign exchange gain on receivables was £231,000 (2009: gain £174,000) for the Group and the Company.

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

Foreign currency sensitivity analysis

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

| | 28 February 2011 £'000 | 31 December 2009 £'000 |
|--|---------------------------------------|------------------------------|
| Impact on equity | | |
| 10% increase in US dollar fx rate against pound sterling (2009: 10%) | (386) | (346) |
| 10% decrease in US dollar fx rate against pound sterling (2009: 10%) | 471 | 422 |
| 10% increase in Euro fx rate against pound sterling (2009: 10%) | (27) | (144) |
| 10% decrease in Euro fx rate against pound sterling (2009: 10%) | 33 | 175 |
| 10% increase in AUS dollar fx rate against pound sterling | 85 | – |
| 10% decrease in AUS dollar fx rate against pound sterling | (104) | – |
| Impact on profit or loss | | |
| 10% increase in US dollar fx rate against pound sterling (2009: 10%) | (46) | (82) |
| 10% decrease in US dollar fx rate against pound sterling (2009: 10%) | 55 | 100 |
| 10% increase in Euro fx rate against pound sterling (2009: 10%) | (29) | (29) |
| 10% decrease in Euro fx rate against pound sterling (2009: 10%) | 36 | 35 |
| 10% increase in AUS dollar fx rate against pound sterling | – | – |
| 10% decrease in AUS dollar fx rate against pound sterling | – | – |

3. Credit risk

The Group's credit risk is primarily attributable to its trade receivables of £21,378,000 (2009: £21,601,000) and rights income receivable of £1,167,000 (2009: £1,430,000), 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 £8,175,000 (2009: £9,034,000) and rights income receivable of £882,000 (2009: £1,037,000), 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 period 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.

Although the Group holds the majority of its deposits with two financial institutions, the credit risk is limited because these are banks with high credit ratings assigned by international credit-rating agencies.

The Group determines its concentration of credit risk based on the individual characteristics of its customers and publicly available knowledge of specific circumstances affecting those customers.

The Group has a significant concentration of credit risk due to its use of third party distributors. This risk has however been mitigated as significant amounts outstanding through the UK distributors are secured by credit insurance and letters of credit. In addition, credit risk for significant amounts outstanding through the distributors in Europe and USA of £7.7m at the period end rests with the distributors (2009: £5.7m). Credit limits are set by the distributors for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The distributors belong to established international groups whose business includes a number of publishing interests and clients.

Notes to the Accounts

The Group's maximum exposure to credit risk, including trade receivables, rights income receivable and cash and cash equivalents, is £59,421,000 (2009: £58,067,000). The Company's maximum exposure to credit risk, including trade receivables, amounts owed by group undertakings, rights income receivable and cash and cash equivalents, is £56,759,000 (2009: £55,243,000).

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.

Cash flow budgets and forecasts are prepared by the operating entities of the Group, aggregated for the Group and regularly reviewed by the Board, and the actual cash position of the Group and each entity is compared monthly against budget. This allows management to ensure that each operating entity and the Group have sufficient cash to meet operational needs.

Surplus cash held by the operating entities over and above the balance required for working capital management is invested in interest bearing accounts.

The Group's financial liabilities are trade payables, accruals and other payables, as shown above in this note in the table under Categories of financial instruments. Apart from other payables due after one year, as shown in that table, the other financial liabilities shown in the table are due within one year.

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 period the Company entered into the following transactions and had the following balances with its subsidiaries:

| | 28 February 2011 £'000 | 31 December 2009 £'000 |
|--|---------------------------------------|---------------------------------------|
| Sale of goods | 750 | – |
| Management recharges | 1,659 | 595 |
| Commission payable | 204 | 159 |
| Interest receivable | 293 | 233 |
| Amounts owed by subsidiaries at period end | 16,892 | 14,088 |
| Amounts owed to subsidiaries at period end | 5,050 | 4,208 |

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. Write down of investments is disclosed in note 10.

Remuneration of key management personnel

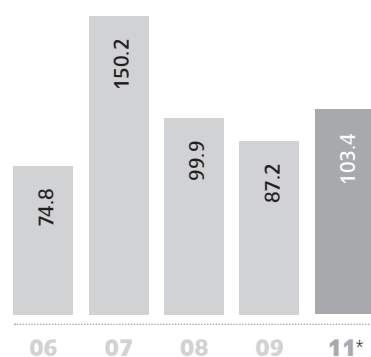
The remuneration of the key management personnel, which comprises the Board and other Directors of subsidiary companies who are actively involved in strategic decision making, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the auditable part of the Directors' Remuneration Report on pages 44 to 45.

| | 14 months ended 28 February 2011 £'000 | Year ended 31 December 2009 £'000 |
|------------------------------|---|---|
| Short-term employee benefits | 3,568 | 3,278 |
| Post-employment benefits | 245 | 181 |
| Share-based payments | 552 | 74 |
| | 4,365 | 3,533 |

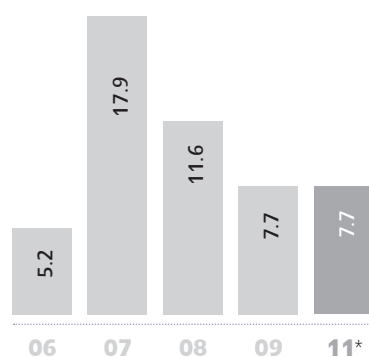
Five Year Financial Summary

| | 2006 £'000 | 2007 £'000 | 2008 £'000 | 2009 £'000 | 2011* £'000 |
|--------------------------|---------------|---------------|---------------|---------------|----------------|
| Revenue | 74,773 | 150,211 | 99,948 | 87,217 | 103,398 |
| Adjusted profit† | 5,196 | 17,856 | 11,633 | 7,711 | 7,669 |
| Dividends (pence) | 3.66 | 4.00 | 4.22 | 4.32 | 5.00 |

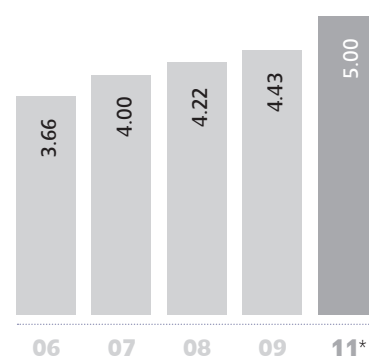
Revenue
£m



Adjusted Profit
£m



Total dividend
Pence



* 2011 is in respect of the 14 months ended 28 February 2011. Other years are in respect of 12 months ended 31 December.

† Adjusted profit is profit before taxation, amortisation of intangible assets, impairment of goodwill and other exceptional/highlighted items.

Company Information

Company number

01984336 (Registered in England & Wales)

Directors

Executive directors

Nigel Newton – Founder and Chief Executive

Wendy Pallot – Finance Director

Richard Charkin – Executive Director

Non-executive directors

Jeremy Wilson – Independent Non-Executive Chairman

Ian Cormack – Senior Independent Director

Sarah Jane Thomson – Independent Non-Executive Director

Company Secretary

Michael Daykin FCIS, FCA

Registered Office

36 Soho Square

London W1D 3QY

020 7494 2111

From August 2011 the Company's address and Registered Office will be:

50 Bedford Square

London WC1B 3DP

Auditor

Baker Tilly UK Audit LLP

25 Farringdon Street

London EC4A 4AB

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

Solicitors

Reynolds Porter Chamberlain LLP

Tower Bridge House

St Katherine's Way

London E1W 1AA

Registrars

Capita Registrars Limited

The Registry

34 Beckenham Road

Beckenham

Kent BR3 4TU

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 11 August 2011 at 12.00 noon for the following purposes:

Ordinary Business

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive the audited accounts of the Company for the fourteen month period ended 28 February 2011, together with the Report of the Directors and the Report of the Auditors thereon.
2. To approve the Directors' Remuneration Report for the fourteen month period ended 28 February 2011.
3. To declare a final dividend of 0.28 pence per ordinary share.
4. To elect Sarah Jane Thomson as a Director of the Company.
5. To elect Ian Cormack as a Director of the Company.
6. To elect Wendy Pallot as a Director of the Company.
7. To re-elect Jeremy Wilson as a Director of the Company.
8. To re-elect Nigel Newton as a Director of the Company.
9. To reappoint Baker Tilly UK Audit LLP as auditors of the Company until the conclusion of the next Annual General Meeting at which financial statements for the Company are presented 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 10 will be proposed as an ordinary resolution and resolutions 11, 12 and 13 will be proposed as special resolutions.

10. THAT:

- (a) the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company to such persons and on such terms as they think proper up to a maximum aggregate nominal amount of £307,686 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 shares to be allotted or rights to subscribe for or convert any security into shares in the Company to be granted after the expiry of such authority and the Directors may allot any shares pursuant to such offer or agreement as if such authority had not expired; and
- (b) all prior authorities to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company given to the Directors by resolution of the Company be revoked but without prejudice to the allotment of any shares already made or to be made pursuant to such authorities.

11. THAT subject to the passing of resolution 10 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 571 of the Companies Act 2006 ("the Act") to allot equity securities (within the meaning of section 560 of the Act) wholly for cash pursuant to the authority conferred on them by resolution 10 in the Notice as if section 561 of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:
 - (i) in connection with a rights issue, open offer or other pre-emptive offer 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) 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) (other than pursuant to paragraphs (i) or (ii) above) up to a nominal value not exceeding in aggregate £46,152; 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 571 of the Act be revoked provided that such revocation shall not have retrospective effect.

12. THAT the Company is authorised, pursuant to section 701 of the Companies Act 2006 ("the Act"), to make market purchases (as defined in section 693 (4) of the Act) of any of its Ordinary Shares of 1.25p each ("Ordinary Shares") in such manner and on such terms as the Directors may from time to time determine provided that:

- (a) the maximum number of Ordinary Shares authorised to be purchased is 7,384,472 shares being approximately 10% of the issued Ordinary Shares of the Company;
- (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;

Notice of Annual General Meeting

Bloomsbury Publishing Plc

- (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 2012 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.

13. THAT a general meeting, other than an annual general meeting, may be called on not less than 14 clear days notice.

Dated 23 June 2011

Registered Office:

36 Soho Square

London

W1D 3QY

BY ORDER OF THE BOARD

Michael Daykin

Company Secretary

Bloomsbury Publishing Plc

Notes:

- 1. THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000.
- If you sell or have sold or otherwise transferred all of your ordinary shares, you should send this document together with the accompanying Form of Proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or the transferee.
- Explanatory statements relating to the Ordinary and Special Business of the Annual General Meeting are contained in the Directors' Report on pages 31 and 32 of the Annual Report and Accounts for the fourteen months ended 28 February 2011.
- 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.
- 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.
- 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.
- 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.
- 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 9 August 2011 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.
- 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.
- 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.

Notice of Annual General Meeting

Bloomsbury Publishing Plc

- 11.** 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.
- 12.** 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.
- 13.** 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.
- 14.** 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 the service agreements under which Directors of the Company are employed by the Company or its subsidiaries
 - Copies of letters of appointment of the Non-Executive Directors
 - A copy of the Articles of Association of the Company.
 - the terms of reference of the Audit Committee, the Remuneration Committee and the Nominations Committee of the Board.

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B L O O M S B U R Y