BLOOMSBURY PUBLISHING PLC

ANNUAL REPORT & ACCOUNTS 2014

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, New Delhi and Sydney. Over its 27 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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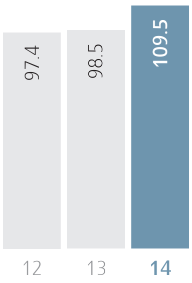
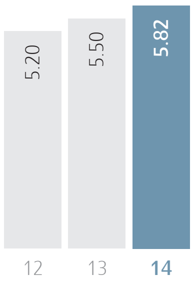
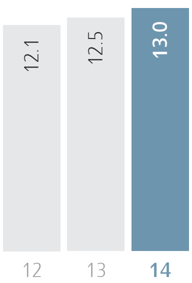
Continuing revenue £m



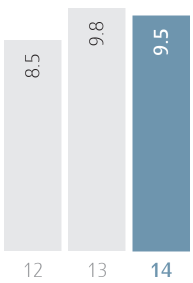
Total dividend pence



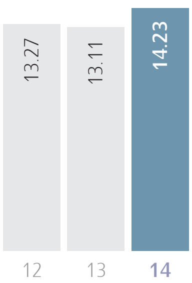
Continuing adjusted profit[1] £m



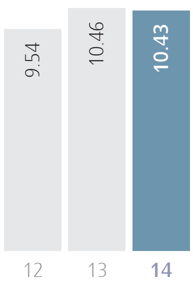
Continuing profit before tax £m



Continuing adjusted diluted EPS[2] pence



Continuing diluted EPS pence



Notes

[1] Continuing adjusted profit is continuing profit before taxation, amortisation of intangible assets and other highlighted items.

[2] Continuing adjusted diluted EPS is calculated from continuing adjusted profit with tax on continuing adjusted profit deducted.

STRATEGIC REPORT

GOVERNANCE

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COMPANY INFORMATION

HIGHLIGHTS

Financial Highlights

The highlights for the year ended 28 February 2014 include:

- Revenue up 11% to £109.5 million (2012/13: £98.5 million)
- Profit before tax and highlighted items* up 4% to £13.0 million (2012/13: £12.5 million)
- Profit before tax £9.5 million (2012/13: £9.8 million)
- Total dividend increased by 5.8% to 5.82 pence per share (2012/13: 5.50 pence per share)
- Net cash balance of £10.0 million (2012/13: £14.6 million) following acquisition investment including Hart Publishing in September 2013

* Highlighted items mainly comprise amortisation of intangible assets, acquisition related legal and other professional fees and restructuring costs.

Operating Highlights

Academic & Professional business delivers robust sales performance

- Revenue was up 11% to £32.1 million (2012/13: £29.0 million)
- Revenues from e-books and other digital products now account for 10% of divisional revenue (2012/13: 8%)
- Launched award-winning new digital services including Drama Online, Actors and Performers and in May 2014 Bloomsbury Collections
- A new platform, Bloomsbury Fashion Central, to be launched in 2015
- Voted Academic, Professional and Educational Publisher of the Year in May 2013 and 2014 at the annual industry trade awards

Strategic investment pays off in Children's & Educational

- Revenue of £23.6 million (2012/13: £21.3 million)
- Majority of UK sales growth came from illustrated books in line with our strategy
- Highlights included *Fortunately, the Milk...* by Neil Gaiman being shortlisted for the Specsavers Children's Book of the Year and the bestseller *Shh! Don't Wake the Royal Baby!* by Martha Mumford and Ada Gray

Adult Division - a spectacular year

- Revenue was £49.9 million (2012/13: £44.3 million), with operating profit before highlighted items £5.4 million (2012/13: £3.7 million)
- Robust growth in e-book sales with potential for further expansion in high-growth economies
- Major best sellers including Khaled Hosseini's *And the Mountains Echoed* and Samantha Shannon's *The Bone Season*
- Consistently strong performance from a portfolio of high quality cookery books, including *Tom Kerridge's Proper Pub Food* and significant sales from established authors including Raymond Blanc, Heston Blumenthal, Hugh Fearnley-Whittingstall and MasterChef

Digital sales see significant growth

- Significant growth in digital sales increasing 21% to £12.2 million, contributing 12.1% of title sales (2012/13: 11.5%)
- Strong performance in the UK and other markets with potential for further growth as digital reading devices become more widespread in the high-growth economies of Asia, Africa, the Middle East and Latin America

CHAIRMAN'S STATEMENT

I am delighted to report my first full year results as Chairman of Bloomsbury Publishing. The Group has enjoyed a good year, with total revenue up 11% and profit before tax and highlighted items* up 4%. The Bloomsbury Adult division's total revenue increased by 13%, with increases in both print and digital sales. Bloomsbury has continued to broaden its business. In particular the Academic & Professional division has kept pace with the success of the Adult division and accounts for 29% of Group revenue. Total digital sales grew by 21% across the Group. The India business is reporting its first full year of results and showing early promise.

The Chief Executive's Review provides more detail on the Group's performance for the year.

Our Strategic Report is set out on pages 1 to 45. One major objective is to grow the academic and professional publishing business. Our acquisition of Hart Publishing, a specialist legal publisher, demonstrates the execution of this strategy. At the year-end we had net cash of £10.0 million down from £14.6 million last year, having spent £8.5 million on acquisitions. We will continue to be open to acquisitions which help us to deliver our strategy.

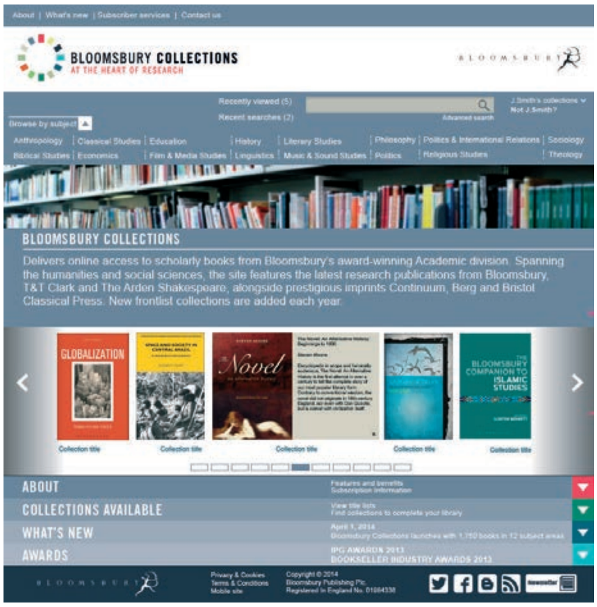
We also want to grow digital and subscription revenues, further developing the One Global Bloomsbury approach. At the same time there is a need to make sure that our systems keep up with the growth in the business and enable us to provide excellent support to our authors.

Looking ahead, there is continuing optimism that there will be a return to a reasonable level of economic growth in the UK and the US. These markets together account for over 90% of total Bloomsbury sales.

Since Bloomsbury reported last year, alongside my appointment as Chairman, the Board has also appointed two new independent Non-Executive Directors: Jill Jones, Managing Director of McGraw Hill Education, Europe, Middle East and Africa, and Stephen Page, Chief Executive of Faber & Faber. The knowledge they respectively bring of the academic and trade businesses is invaluable to the Board. Around the same time, Sarah Jane Thomson and my predecessor, Jeremy Wilson, left the Board. We thank Sarah Jane and Jeremy enormously for their important contributions to Bloomsbury.

The performance of the last year would not have come without the steely determination and hard work of the Executive Directors, the other members of the Executive Committee and the wider staff at Bloomsbury. On behalf of the Board, I would like to thank all of the staff for their professionalism and dedication. We know that our future success is dependent on our authors, on the commitment and talents of our people and on the support of our other stakeholders. Mindful of the rapid evolution of digital publishing, the strength of the Bloomsbury team enables us to look forward to the future with confidence.

Sir Anthony Salz
Non-Executive Chairman
11 June 2014



Bloomsbury Collections is the new online academic platform for delivering scholarly texts.

CHIEF EXECUTIVE'S REVIEW

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

Nigel Newton
Chief Executive

Bloomsbury is continuing to grasp the opportunities offered by the digital revolution to build a growing, sustainable and balanced twenty-first century publishing business. We have succeeded in developing into a wholly integrated consumer and academic publisher in the major markets around the world. We are now recognised as one of the finest publishers of both general and academic books and we believe there are valuable synergies between the two.

Strong revenue growth, up 11% to £109.5 million, was driven by an excellent list of new books contributing significantly to another successful year for the Group. Profit before tax and highlighted items of £13.0 million was up 4% on the year ended 28 February 2013 of £12.5 million. Profit before tax was £9.5 million (2012/13: £9.8 million).

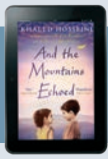
The majority of our revenue is generated by title sales, which were up by 16% year on year to £101.0 million following the success of our new books. Within this, digital sales rose by 21% to £12.2 million and now make up 12.1% of title sales (2012/13: 11.5%). The strong sales from new books mitigated a fall in higher margin rights and services revenues, which delivered 8% of total revenue compared to 12% last year. Rights and services revenues were down 26% to £8.5 million. Within that, copyright licence revenue fell by £2.5 million as fewer deals were completed and at lower amounts.

A robust sales performance in our Academic & Professional division was enhanced by the acquisition of the legal publisher, Hart Publishing ('Hart'), in September 2013, which contributed revenue of £1.8 million and profit before tax of £0.5 million in the six months since its acquisition. Underlying revenue, which excludes the result of Hart and the two businesses we acquired in 2012, Fairchild Books and Applied Visual Arts Publishing, was up by 10% to £101.5 million.

Operating profit margin before highlighted items reduced from 12.6% to 11.9% mainly because of the lower proportion of higher margin rights and services revenue compared to the very strong prior year. During the year we have tendered our colour print purchasing and delivered savings in the second half of the year equivalent to £0.4 million per annum. This was part of a significant reorganisation of our Group Production, which included adopting an XML-based, content-led workflow across the entire Group. This consolidation project will deliver a single, documented and controlled mark-up language suited to over 95% of Bloomsbury's output. This is vital to the success of our publishing strategy for both print and digital.

Worldwide Consumer E-book Best Sellers 2013/14

1. And The Mountains Echoed
by Khaled Hosseini



2. The Bone Season
by Samantha Shannon

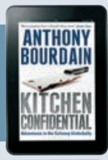
3. The Kite Runner
by Khaled Hosseini

4. Crown of Midnight
by Sarah J. Maas

5. A Thousand Splendid Suns
by Khaled Hosseini

6. A Throne of Glass
by Sarah J. Maas

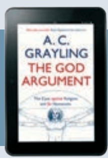
7. Kitchen Confidential
by Anthony Bourdain



8. Austenland
by Shannon Hale

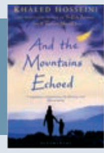
9. Return of a King
by William Dalrymple

10. The God Argument
by A.C. Grayling

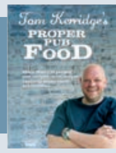


Worldwide Consumer (Print & E-book) Best Sellers 2013/14

1. And The Mountains Echoed
by Khaled Hosseini



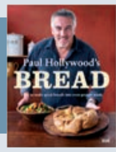
2. Proper Pub Food
by Tom Kerridge



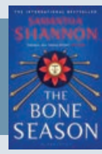
3. Harry Potter box sets
by J.K. Rowling

4. Pies and Puds
by Paul Hollywood

5. Bread
by Paul Hollywood



6. The Bone Season
by Samantha Shannon



7. River Cottage Veg
by Hugh Fearnley-Whittingstall

8. How to Bake
by Paul Hollywood

9. Wisden Cricketers' Almanack 2013
by Lawrence Booth

10. River Cottage Fruit
by Hugh Fearnley-Whittingstall

CHIEF EXECUTIVE'S REVIEW

We have also invested in new staff in IT, Digital Development and Production to facilitate further the strategic move to digital workflows. Combined with additional investment in Operations in the second half of the year, total additional investment in these areas is £0.6 million per annum, as previously announced.

We have been investing successfully in the development of online platforms. These include Drama Online, Churchill Archive and Berg Fashion Library, with Bloomsbury Collections launching in May this year. As sales and the number of platforms increase, we are creating our own institutional digital sales force. During 2014/15 there will be overlap costs of £0.3 million as we make this transition.

In its first full year of operation, our Indian publishing business in New Delhi generated revenues of £1.5 million and broke even, before the allocation of Group costs. This is a year ahead of our original plan and was due to the excellent sales of Khaled Hosseini's *And the Mountains Echoed* and some strong local publishing.

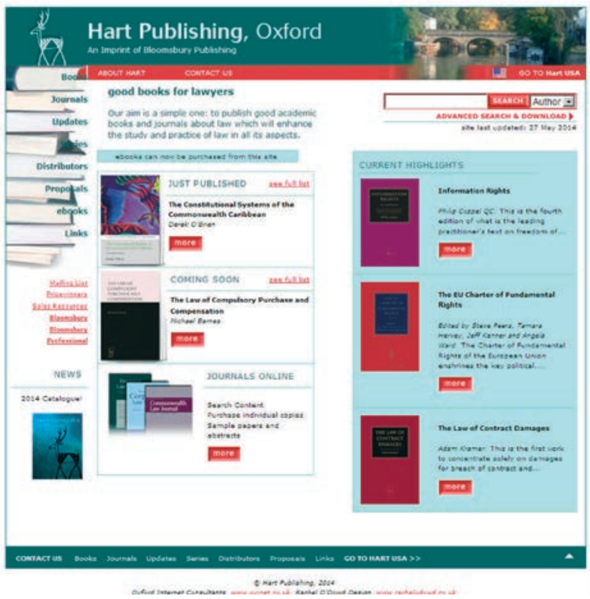
The acquisition of Hart Publishing, related restructuring and other strategic initiatives have resulted in £0.8 million of costs which, together with intangible amortisation, are highlighted separately in the financial statements.

The effective rate of tax for the year was 18.7% compared to 20.6% for the year ended 28 February 2013. The reduction mainly reflects the lower rate of UK corporation tax which affected current and deferred tax.

Diluted earnings per share, excluding highlighted items, were 14.23 pence, up 9% from 13.11 pence in 2012/13. Total diluted earnings per share for the year were 10.43 pence compared to 9.99 pence in 2012/13.

The Group's net cash balance was £10.0 million at 28 February 2014 down from £14.6 million at 28 February 2013. The Group generated £3.9 million of cash in the year before an £8.5 million outflow for acquisition investment. This was reflected in our strong operating cash conversion rate of 86% (2012/13: 62%).

The Churchill Archive online has around one million pages accessible on demand to libraries worldwide. All secondary schools in the UK, USA and Canada will be granted access to the entire archive.



In September 2013, we acquired Hart Publishing, the publisher of law books and journals for the academic and professional markets.

Divisional Review

Academic & Professional — another year of robust sales growth

The year saw a robust sales performance driven by substantial growth in organic digital revenues, the acquisition of Hart Publishing and a strong US performance, reflecting the investments made last year in sales and marketing infrastructure. Profits were also impacted by a reduction in rights and services income and a one-off £0.8 million additional US stock provision.

The division's results are summarised below:

	Year ended 28.2.14 £m	Year ended 28.2.13 £m	Change year on year £m	% change year on year
Revenue	32.1	29.0	3.1	11%
Underlying** revenue	24.1	23.1	1.0	5%
Operating profit before highlighted items	4.5	5.2	-0.7	-13%
Underlying** operating profit before highlighted items	2.1	3.2	-1.1	-35%

** Underlying revenue and profit exclude the results from businesses acquired during the 2013/14 and 2012/13 financial years i.e. Hart Publishing, Fairchild Books and Applied Visual Arts Publishing.

Underlying revenue growth of 5% compares to 0.7% growth for global revenues at UK academic and professional publishers generally (source: The Publishers Association Sales Monitor). Revenues from e-books and other digital products now account for 10% of divisional revenue (2012/13: 8%). Subscription revenues make up 9% of sales (2012/13: 6%). Rights and services revenues reduced by £1.0 million year on year following a very strong year in 2012/13. The Academic & Professional division generated 29% of Group sales this year (2012/13: 29%).

In May 2014 the division was voted Academic, Educational and Professional Publisher of the Year at The Bookseller Industry Awards for the second year running. This prize goes to the company which best exhibits all-round excellence in its publishing including: the commercial success and innovation of the publishing programme; a sustainable and durable business; particularly with digital (including e-book and journal platforms, Virtual Learning Environments and internal digital workflow) and new ways to engage with learners; excellent relations and engagement with institutions, staff, faculty, teachers, professional organisations, learned societies and/or students; environmental awareness and responsibility; the retention and motivation of staff. The other companies on the shortlist were Oxford University Press, Sage and Palgrave Macmillan.

There is no evidence that competition is lessening in the academic market. Library budgets worldwide remain constrained. However, we expect digital sales to continue to grow much faster than the market overall as educational establishments at all levels adopt new ways of supporting students and faculty.

We have seen sizeable revenue growth albeit from a low base from Bloomsbury India and Bloomsbury Australia. Sales to market of the division's academic products and services are 50% outside the UK, and we expect this percentage to increase.

The acquisition of Hart Publishing is consistent with Bloomsbury's strategy to increase its proportion of academic and professional revenues to balance revenues generated from consumer sales. Academic and professional revenues are more predictable and have lower related costs of sale with higher margins and are much less reliant on retail bookshop sales. Around 50% of Hart's revenue is generated outside the UK, thereby reducing Bloomsbury's overall exposure to the UK book market. The acquisition will also enable the further development of Hart's e-book catalogue and expand the Bloomsbury Professional digital range of services for lawyers and accountants.

CHIEF EXECUTIVE'S REVIEW

Hart's leading list of authors is complementary to Bloomsbury's existing academic and professional lists, offering Bloomsbury the ability to improve revenue momentum within its Academic & Professional division in both the UK and a range of overseas markets. Hart published over 150 new books in the last 12 months and launched a new journal, *Restorative Justice*, and has a larger programme this year.

Bloomsbury Professional's Irish operation had a very good year of growth. Key to this success were new editions of Wylie, *Irish Land Law* and McMahon and Binchy, *Law of Torts*, both of which have been shortlisted for the Dublin Solicitors Bar Association's Irish Law Book of the Year award. The sixth online service from the Irish team, Irish Criminal Law, was launched in December 2013. This has been a strong addition to our highly regarded range of services and significant contracts have been won with the Attorney General's Office, the Law Library of Ireland and the Garda Síochána Ombudsman Commission. In September 2013, in association with PricewaterhouseCoopers, we published the *Manual of Accounting New UK GAAP* which has quickly established a reputation as one of the leading products dealing with the new financial reporting landscape for unlisted companies.

During the year Bloomsbury Professional also launched the online service, National Infrastructure Planning Service.

We continue to invest in new digital services for academic customers. Responding to increasing demand for a high quality online research tool for drama and literature students, professors and teachers, Drama Online was launched in March 2013 featuring content from Bloomsbury Methuen Drama, Arden Shakespeare and Faber & Faber. It currently contains over 1,000 plays in a fully cross-searchable format which allows students to interact with Character Grids and Part Books, as well as search for plays via cast size and monologues via gender. From January 2015 the collection will grow significantly to accommodate new content partners, Nick Hern Books and L.A. Theatre Works. Drama Online is used in leading higher education institutions around the world.

Worldwide Academic & Professional (Print & E-Books) Best Sellers 2013/14

1. J.J. Pizzuto's Fabric Science & Fabric Science Swatch Kit
by Allen C. Cohen and Ingrid Johnson

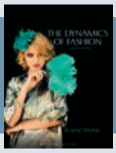
2. Manual of Accounting IFRS (issued annually)
by team from PwC

3. Swatch Reference Guide to Fashion
by Deborah Young

4. Survey of Historic Costume
by Phyllis G. Tortora & Keith Eubank

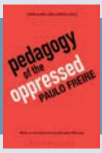
5. Blood Brothers
by Willy Russell

6. The Dynamics of Fashion
by Elaine Stone



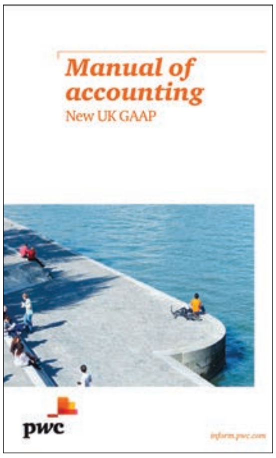
7. Mathematics For Retail Buying
by Bette K. Tepper

8. Pedagogy of the Oppressed
by Paulo Freire

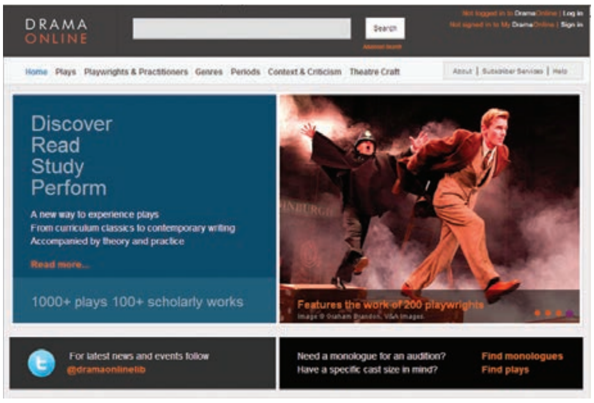


9. Fashion Sketchbook
by Bina Abling

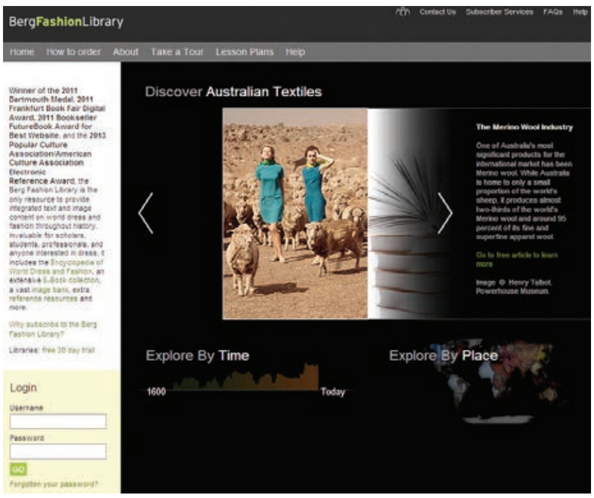
10. In Fashion
by Elaine Stone



Bloomsbury publishes a top selling series of accountancy manuals in association with PwC which are used by accountancy professionals.



Drama Online is a subscription service providing a resource for plays, critical analysis and performance featuring pre-eminent drama lists.



Berg Fashion Library is a strong selling online reference. A new online platform, Bloomsbury Fashion Central, will be launched in 2015 featuring Fairchild Books, Berg Fashion Library and Fashion Photography Archive.

2013 also saw the launch of Actors and Performers, www.actorsandperformers.com, a professional community website for actors with blogs and advice from professionals and industry contact information from Actors' Yearbook available on subscription.

In May 2014 we launched Bloomsbury Collections, an e-book platform which will make available the division's entire research-led publishing programme. We expect around 3,500 titles to be made available on the platform by the end of the calendar year. In addition, Bloomsbury has recruited an institutional sales team, which will be responsible for selling the increasingly wide range of new services to libraries and institutions around the world. They will also be responsible for selling Bloomsbury's growing list of academic journals – currently over 50 – with new journal launches well advanced for this financial year. This will further reduce the Group's reliance on UK sales.

A new online platform, Bloomsbury Fashion Central, will be launched in 2015. It will feature Fairchild Books, Berg Fashion Library and Fashion Photography Archive. The investment in this platform aligns with the on-going industry migration from print to digital and will cement Bloomsbury's dominant position in this niche. Beyond offering textbook rentals to students, the platform will provide a robust e-learning environment that will enable institutional and B2B subscription sales, raise profile and expand our market share in international markets.

Adult — a spectacular year in both print and digital, fiction and non-fiction

Revenue was £49.9 million (2012/13: £44.3 million). Operating profit before highlighted items was £5.4 million (2012/13: £3.7 million). The operating profit margin before highlighted items for the division was 11% (2012/13: 8%). Print sales increased by 17%, while digital sales increased by 26% to £7.1 million, representing 14% of sales (2012/13: 13%).

Whilst US e-book sales growth has moderated, the UK and other markets still see robust growth with potential for even more as digital reading devices become ever more widespread in the high-growth economies of Asia, Africa, the Middle East and Latin America.

Samantha Shannon's *The Bone Season* was simultaneously published worldwide and appeared on the New York Times and the Sunday Times bestseller lists in addition to enjoying success throughout the English-speaking world in print, digital and digital audio. We had a very successful global marketing campaign driving it to bestseller lists across the UK, the US and India. The film rights have been acquired by 20th Century Fox/Chernin Entertainment. The next volume of this seven-book series, *The Mime Order*, will be published in October 2014. Khaled Hosseini's brilliant and moving

CHIEF EXECUTIVE'S REVIEW

And the Mountains Echoed repeated the successes of *The Kite Runner* and *A Thousand Splendid Suns* and notably had sales of more than 100,000 copies through the recently established Bloomsbury India office and well over 100,000 copies in e-book formats.

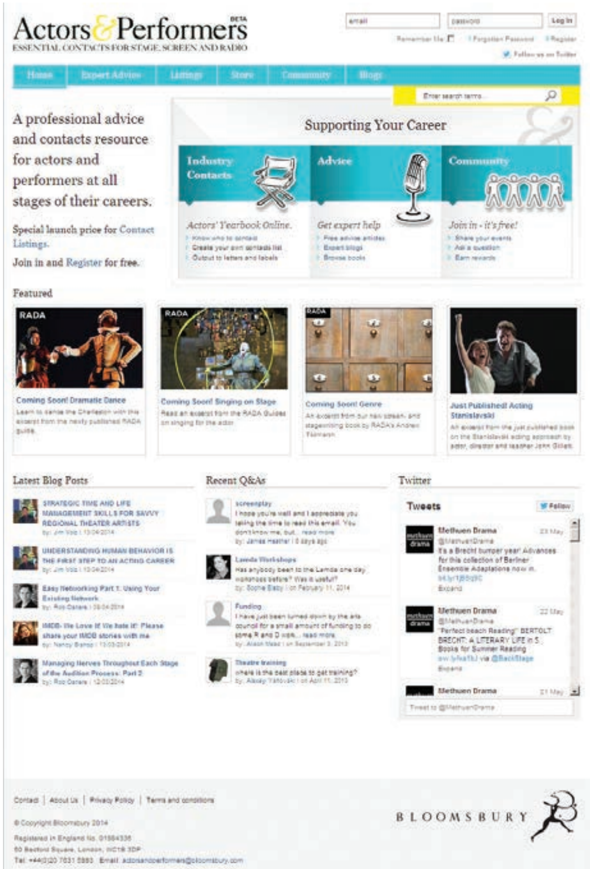
Elizabeth Gilbert's new novel, *The Signature of All Things*, a finalist for the Wellcome Book Prize, is a very different book from her bestselling memoir *Eat, Pray, Love.* It has received outstanding reviews globally and had great sales, particularly in Australia.

There was also new fiction from Margaret Atwood with her novel *MaddAddam*, George Saunders, who won the inaugural Folio Prize for new fiction for *Tenth of December*, Jhumpa Lahiri, who was shortlisted for the Man Booker Prize for *The Lowland*, Colum McCann, the winner of the National Book Award for *Transatlantic*, Aminatta Forna, Carlos Acosta and many others.

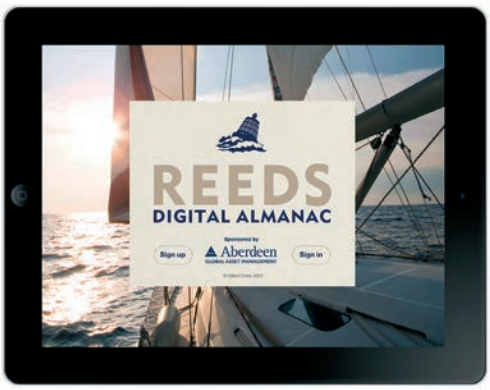
In non-fiction we had a stellar year with William Dalrymple's *Return of A King* being shortlisted for the Samuel Johnson Prize, Glenn Frankel's *The Searchers* on the New York Times bestseller list, Larry Sabato's *The Kennedy Half-Century* on the New York Times bestseller list, David Kynaston's *Modernity Britain*, Damian Barr's *Maggie & Me*, Amy Chua's and Jed Rubenfeld's controversial *The Triple Package*, Shiv Khera's *You Can Win* and *You Can Sell* (from Bloomsbury India), Jesmyn Ward's memoir *Men We Reaped*, and the bestsellers, Tim Cope's *On the Trail of Genghis Khan* and Simon Singh's *The Simpsons and Their Mathematical Secrets*.

Our cookery list continues to thrive with the phenomenal success of *Tom Kerridge's Proper Pub Food* and the continuing sales of Raymond Blanc, Heston Blumenthal, Hugh Fearnley-Whittingstall, Chris and Jeff Galvin, Fergus Henderson, Paul Hollywood, Atul Kochar, Leith's, MasterChef, Russell Norman, Sarah Raven, Niki Segnit, Vivek Singh, Marcus Veherne and many others.

John Wisden's range of cricket books had its best year ever, celebrating the 150th edition of *Wisden Cricketers' Almanack*, which was reviewed for the first time in The Wall Street Journal and is enjoying unprecedented press and internet coverage, including a Google "Doodle" on 5 September 2013. Our sports list overall grew strongly, particularly in cycling.



Actors and Performers is a professional community website for actors with blogs and advice.



Reed's Nautical Almanac, the ultimate resource for sailing, is available in print and via the iPad app (sponsored by Aberdeen Global Asset Management).

Some of the many Adult non-fiction prize winners and bestsellers in a stellar year for publishing.

Some of the Children's and Educational best sellers and prize winners.

New titles in 2014 include Kwasi Kwarteng's *War and Gold*, Kamila Shamsie's *A God in Every Stone*, Mumsnet's cookbook *Top Bananas*, Alex Bellos's *Alex Through the Looking-glass*, Ben Macintyre's *A Spy Among Friends*, which went to Number One on the Sunday Times bestseller list, Jason Atherton's *Social Suppers* and Roz Chast's *Can't We Talk About Something More Pleasant?* which reached Number One on the New York Times Graphic Books bestseller list in the first month of publication.

We continued to innovate with Bloomsbury Reader, Public Library Online, Reed's Nautical Almanac for the iPad (sponsored by Aberdeen Global Asset Management), and most recently the launch of www.writersandartists.co.uk/self-publishing, the essential comparison guide for authors to identify the best self-publishing companies.

Children's & Educational — strategic investment pays off

Revenue was £23.6 million (2012/13: £21.3 million). Operating profit before highlighted items was £2.0 million (2012/13: £1.1 million). The operating profit margin before highlighted items for the division was 8% (2012/13: 5%).

Much of the growth this year came from sales of new books within the UK, with a significant proportion of that coming from illustrated books in line with our strategy. The division's UK consumer print sales increased by 21.5% in a market which declined by 3.6% (source: Nielsen Bookscan). In the US, revenues were down by 1%, mainly due to soft e-book sales.

Our strategic priorities remain focused on commercial global acquisitions for the consumer lists and targeted strategic marketing of our strong brands. Our new imprint Bloomsbury Activity Books and the Bloomsbury Picture Book list remain growth focused - the breadth of publishing achieved by the launch of these two lists shifts our world rights ownership from 43% of the list in 2011 to 63% of the list in 2013. 13% of sales from our consumer new releases in the year were illustrated titles compared to 7% in 2012/13.

The education business remains stable and profitable. Focus for the year has been on the development of a new print edition and online subscription service for Music Express, the UK's best selling and award winning primary classroom music resource. The online service will launch in August 2014. The division produced *The RSC Shakespeare Toolkit for Primary Teachers*, an active approach to bringing Shakespeare's plays to life in the classroom.

CHIEF EXECUTIVE'S REVIEW

Digital sales in the division fell in value in the year to 8% of total net sales from 10%. In the US digital sales fell from 20% of total net sales to 16%, whereas in the UK they were broadly as last year. The digital market for children's titles is still predominantly led by Young Adult fiction. Bloomsbury Spark, our e-first imprint, launched with seven titles in December and sales have been good, particularly in the US.

Publishing highlights included *Fortunately, the Milk...* by Neil Gaiman. It was shortlisted for the Specsavers Children's Book of the Year and chosen by the independent sector as the only children's book in the Independent Bookshops' Best Books of the Year. The author spoke to an audience of over 2,500 at a London event held in conjunction with Time Out and Foyles. We have successfully acquired a graphic novel of *The Graveyard Book* in two parts, a new middle grade novel for publication in 2016, and world rights (excluding North America) in a new illustrated book called *The Sleeper and the Spindle*, to be illustrated by Chris Riddell.

Jessica Day George was in the New York Times bestseller list with *Wednesdays in the Tower* and sales grew strongly. Sarah J. Maas also hit the list with her sequel to *Throne of Glass*, *Crown of Midnight*. This publication was supported by our biggest global marketing campaign of the year. *Throne of Glass* is now available in 16 languages.

Bloomsbury Picture Books had a strong year with *Shh! Don't Wake the Royal Baby!* by Martha Mumford and Ada Gray hitting the bestseller lists in July and being the biggest selling debut picture book of the year in the UK.

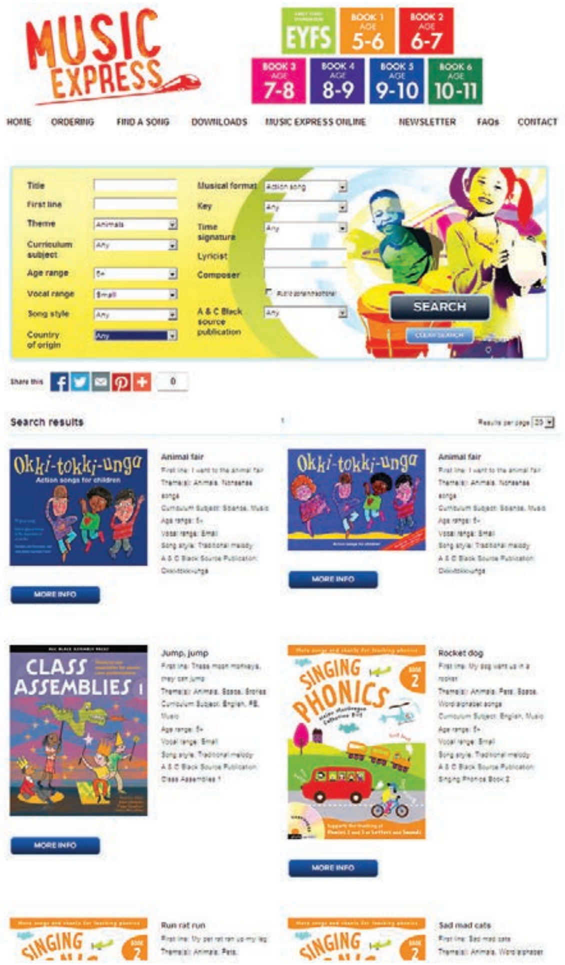
Jim Kay has been announced as the illustrator of the colour illustrated editions of Harry Potter. We also launched our new jacket look for the children's editions in March, by Jonny Duddle, and announced our year-long Harry Potter marketing campaign. The new editions are being published in September 2014.

We remain dedicated and passionate about the future of children's publishing, in all formats, and continue to encourage a love of reading.

Information — expanding knowledge hubs

The core activities of Information are the development of IP-rich knowledge hubs in cooperation with external partners, the provision of management, publishing and consultancy services and the publication of business, management, finance and reference titles in print and digital formats.

Revenue was £3.9 million, up 2% on £3.8 million for 2012/13. Operating profit before highlighted items was £1.1 million, down from £2.3 million in 2012/13 mainly due to higher project costs and a strategic investment in new staff to move the division from purely a UK base to a more global reach. Rights and services revenue of £3.4 million made up 89% of total revenue (2012/13: 90%).



Bloomsbury's Music Express is the UK's best selling and award winning primary classroom music resource.

IZA World of Labor (wol.iza.org) knowledge hub preview event hosted by IMF with Bloomsbury, IZA and World Bank in Washington in November 2013.

www.QFinance.com is the website of best practice for finance professionals created by Bloomsbury in partnership with the Qatar Financial Centre Authority.

www.qscience.com is the The Open Access journals portal developed by Bloomsbury Qatar Foundation Journals to create a unique and collaborative research environment for Qatar and the rest of the world.

Key achievements in the year for the division were a new content licence agreement with Lloyds Bank, a new publishing services arrangement with Ernst & Young and a publishing consultancy for the University of London.

Our flagship knowledge hub, www.QFinance.com, is the website of best practice for finance professionals created by Bloomsbury in partnership with the Qatar Financial Centre Authority. It has several hundred thousand unique visitors per month, the impact of which is enhanced by the use of social media.

In May 2014 we launched IZA World of Labor (wol.iza.org), a knowledge hub targeted at policy makers in the field of labour economics which covers topics such as migration and minimum wage. It was previewed in Washington D.C. in November 2013 to an audience including the World Bank and International Monetary Fund.

Bloomsbury continues its provision of management services to the Qatar Foundation to manage Bloomsbury Qatar Foundation. The Open Access journals portal, www.qscience.com, showed good growth and its first journals are being tracked for impact factors, a testimony to the quality of the content.

This expansion of activity and customer base is helping to deliver the division's strategy to increase revenues from digital knowledge hubs as part of the Group's overall digital strategy and to broaden the base for the services, partnerships and consultancy in a complex economic environment. We are working on the renewal of two contracts with our long-term partners.

The investment already made, together with further investment in the new financial year, is intended to help increase the pipeline of projects and long-term contracts. The market for the services which Information specialises in remains complex, but more positive economic conditions will also be beneficial. The division remains well placed to exploit digital, management services and other innovative business opportunities for the Group.

Bloomsbury's Strategy

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

CHIEF EXECUTIVE'S REVIEW

The Academic & Professional division's aim is to be the number one applied visual arts publisher in the world and the number one independent humanities and social sciences publisher in Europe, with half of its revenue derived from digital and subscription-based products.

The Adult division aims to be the number one UK publisher of choice in cookery, sport and natural history and in the top ten for UK quality fiction.

Our overall strategy for Children's & Educational books is to be recognised for great author care, independent spirit and innovation. Over the next five years we will develop Bloomsbury Activity books to be a leading, profit generating list for the division, with half of the consumer frontlist being illustrated books and 25% of all publishing being in a digital format.

The Information division strategy is to increase revenues from digital knowledge hubs and broaden the base for services and partnerships. Over the next few years we intend to expand from the division's UK base and develop a global capability.

The Group is making progress towards these longer-term targets.

Bloomsbury's overall long-term strategy for growth is centred on building its non-consumer publishing, specifically its Academic & Professional division, to balance the consumer revenues in the business. The business has a growing portfolio of valuable intellectual property, an innovative staff team and the respected Bloomsbury brand to help achieve its aims.

Outlook

Bloomsbury's publishing programme for 2014/15 includes new titles from Tom Kerridge, Paul Hollywood and Hugh Fearnley-Whittingstall, as well as a range of paperbacks from this year's successful hardback list including *And the Mountains Echoed* by Khaled Hosseini, *The Signature of All Things* by Elizabeth Gilbert, *The Bone Season* by Samantha Shannon and *Can't we talk about something more pleasant?* by Roz Chast.

In 2014/15 we will continue to invest in the business in a number of areas; the launch of new digital services for academic and general customers, a new internal institutional digital sales force, a year-long Harry Potter marketing campaign, which will accompany the new jackets, and new staff for global business development at Bloomsbury Information.

Nigel Newton
Chief Executive

2014/15 has a strong publishing pipeline of many new titles with the potential to be bestsellers.

GROUP AT A GLANCE
ACADEMIC & PROFESSIONAL

About the publishing division

The division has a growing portfolio of digital subscription products and will publish over 1,500 new titles this year. Significant investment has flowed into Bloomsbury Academic & Professional since 2008 and growth has come through acquisitions of imprints and high quality lists in humanities and social sciences (Methuen Drama, Arden Shakespeare, Bristol Classical Press, Continuum International), applied visual arts (Fairchild Books, Berg Publishers and Applied Visual Arts Publishing) and law and tax (Tottel Publishing and Hart Publishing). Organic investment has been in digital annuity-based publishing in services such as Berg Fashion Library, Bloomsbury Professional Tax and Law Online, the Churchill Archive and Drama Online.

Managing Director:
Jonathan Glasspool

Jonathan Glasspool joined Bloomsbury in 1999 and now oversees the development of Bloomsbury's Academic & Professional publishing business. Previous roles include being a Publisher at Reed Elsevier in Singapore, Melbourne and Oxford. He started his career at Cambridge University Press. He has an MBA with Distinction from Warwick Business School.

Business Model

Value generating activities	Description of the activity
Academic book publishing in print and e-book formats	Required study material for students of humanities, social sciences and applied visual arts. Mainly backlist, print and e-books.
Digital subscription services	Institutional services e.g. Berg Fashion Library, Bloomsbury Professional Tax and Law Online, the Churchill Archive and Drama Online.
Professional book and online information publishing	Technical reference resources for qualified and trainee solicitors, barristers, accountants and tax practitioners.

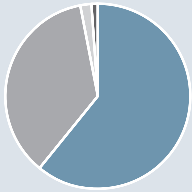
Divisional facts	
Revenue	£32.1m
Revenue – UK	£19.7m
Revenue – US	£11.5m
Adjusted operating profit	£4.5m
Adjusted operating profit margin	14%

Examples of key revenue drivers include

- Numbers of students entering higher education in the US and the UK and their adoption of textbooks and learning materials;
- Increased use of digital formats to deliver 'must have' information for professional and educational use; and
- Selling B2B digital services direct to institutional purchasers such as law firms, accountancy practices, tax practitioners and higher education libraries worldwide.

GROUP AT A GLANCE
ACADEMIC & PROFESSIONAL

Revenue
£32.1m
(2012/13: £29.0m)



Adjusted operating profit[1]
£4.5m
(2012/13: £5.2m)

[1] Adjusted operating profit is operating profit before amortisation of intangible assets and other highlighted items

Strategy for growth

- Growing the division via direct sales to institutions rather than via traditional third parties;
- Increasing investment in digital annuity-based services rather than print products;
- Bolt-on acquisitions that strengthen the already strong lists; and
- Expanding divisional sales in international markets.

	Medium term targets we have set for ourselves	Progress report
1	Number 1 independent humanities and social sciences publisher in Europe.	Number 2 independent humanities and social sciences publisher in Europe.
2	Number 1 applied visual arts publisher in the world (and maintain the position now that it has been achieved).	Number 1 applied visual arts publisher in the world. With the acquisition of Berg Publishers, Fairchild Books and AVA Books, the division is the largest textbook publisher in fashion studies in the world.
3	Non-consumer makes up 50% of Group revenue and 70% of profits .	Non-consumer makes up 35% of Group revenues and 48% of profits.
4	50% of revenues are digital or subscription-based.	10% of revenues are digital or subscription-based. Digital sales are growing at around 25% per year.

GROUP AT A GLANCE
ADULT

About the publishing division

The division publishes globally in English fiction, biography, general reference and special interests such as sport, food, yachting and ornithology. The main publishing operations are based in New York and London and coordinated by experienced editorial and publishing managers so that authors and their works are supported throughout the world.

Apart from household names such as Khaled Hosseini, Elizabeth Gilbert, William Boyd and Margaret Atwood we are also proud to be the publishers of the Aberdeen Asset Management Reed's Nautical, Wisden Cricketers' and Whitaker's Almanacks as well as the great institution that is Who's Who.

Managing Director: Richard Charkin

Richard Charkin is responsible for Adult general and special interest publishing, which includes a number of significant innovative digital and publishing services projects, and for Bloomsbury's India and Qatar operations. He joined the Bloomsbury Board as an Executive Director in October 2007 following ten years as Chief Executive Officer of Macmillian Publishers Limited. See "Board of Directors" on page 46 for a more in-depth biography.

Business Model

Value generating activities	Description of the activity
Best selling fiction	High volume high margin titles sold as e-books and in print.
Cookery, sport, natural history	Subject specific titles typically where communities of interest allow more precise marketing.

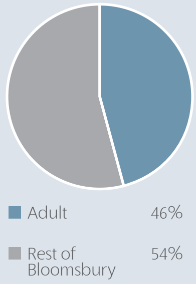
Divisional facts	
Revenue	£49.9m
Revenue - UK	£33.6m
Revenue - US	£11.5m
Adjusted operating profit	£5.4m
Adjusted operating profit margin	11%

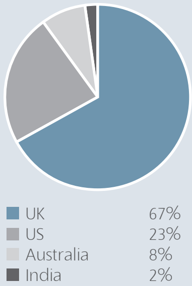
Examples of key revenue drivers include

- Winning major literary prizes can help drive the sales for the winning book as can exceptional media coverage such as tie-in movies or TV programmes;
- The general economy and people's disposable income can affect how many books they buy; and
- Growth in English language can drive international sales.

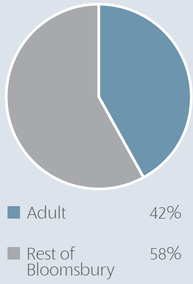
GROUP AT A GLANCE
ADULT

Revenue
£49.9m
(2012/13: £44.3m)





Adjusted operating profit[1]
£5.4m
(2012/13: £3.7m)



[1] Adjusted operating profit is operating profit before amortisation of intangible assets and other highlighted items

Strategy for growth

Our objectives are to be the publisher of choice for the very best authors and the very best books in both digital and print formats. We pay particular attention to editorial support for authors both during the publication process and thereafter, the highest standards of production and presentation, and creative and innovative marketing.

Our editorial and marketing teams work together so that we can genuinely offer global publishing reflecting the changing nature of our markets and the media which alert readers to books.

	Medium term targets we have set for ourselves	Progress report
1	Number 1 UK publisher of choice in cookery, sport, natural history.	Number 1 in sport, Number 3 in cookery, Number 2 in natural history. Overall 23% revenue growth over the year.
2	Top ten in UK quality fiction.	Number 6, 48% revenue growth over the year.
3	First choice publisher for many authors.	Continuing to attract and retain the best authors.
4	50% digital sales.	14% digital sales.
5	50% backlist sales.	37% backlist sales.
6	50% special interest sales.	27% special interest sales.

GROUP AT A GLANCE
CHILDREN'S & EDUCATIONAL

About the publishing division

The division sells and markets titles to the global trade, education and mass market sectors and is developing a number of digital and subscription products. The consumer list acquires books from both the UK and US markets and publishes titles for all ages up to 16 years old. Imprints include Bloomsbury Activity Books, Bloomsbury Children's Books and Bloomsbury Spark, an e-first list for Young Adult readers. In the UK education market we publish under the A&C Black, Andrew Brodie, Bloomsbury Education and Featherstone imprints.

Known for the quality and prize winning calibre of our books, we publish authors such as Neil Gaiman, John Green, Shannon Hale, Nick Lake, Louis Sachar, Sarah J. Maas and the Harry Potter novels by J.K. Rowling.

Managing Director:
Emma Hopkin

Emma Hopkin is responsible for all children's and educational books globally. She joined Bloomsbury in March 2011 as Managing Director of the Children's & Educational publishing division. Previously she was Managing Director of Macmillan Children's Books where she led the acquisition of Kingfisher and drove revenue growth in print and digital. Prior to being Managing Director she was Sales and Marketing Director having worked her way up from Children's Product Manager. She has also held marketing roles at Pan Macmillan, Routledge and Houghton Mifflin.

Business Model

Value generating activities	Description of the activity
Children's activity books	Books focused towards play e.g. puzzles, colouring, games and illustrated stories.
Children's consumer publishing	Both picture books and fiction in print and e–formats.
Educational publishing	Print and digital learning materials for teachers.

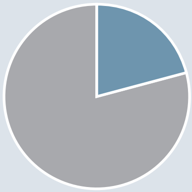
Divisional facts	
Revenue	£23.6m
Revenue - UK	£14.6m
Revenue - US	£7.0m
Adjusted operating profit	£2.0m
Adjusted operating profit margin	8%

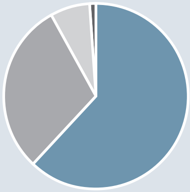
Examples of key revenue drivers include

- Larger percentage ownership of world publishing rights for exploitation;
- Strategic marketing campaigns e.g. for new imprints; and
- The general economy and people's disposable income can affect how many books they buy.

GROUP AT A GLANCE
CHILDREN'S & EDUCATIONAL

Revenue
£23.6m
(2012/13: £21.3m)





Adjusted operating profit[1]
£2.0m
(2012/13: £1.1m)

[1] Adjusted operating profit is operating profit before amortisation of intangible assets and other highlighted items

Strategy for growth

Our objectives are to grow the lists by focused and global acquisition; to better exploit our backlist; to grow and build brands; and to attract talent to the list whilst providing excellent author care for our published authors.

Our ambition is to publish all mono and colour titles simultaneously in print and digital formats. We publish certain targeted apps and this year have launched Bloomsbury Spark as an e-first imprint for Young Adult readers.

	Medium term targets we have set for ourselves	Progress report
1	Bloomsbury Activity Books will be a leading, profit generating list.	Strong growth in sales of 244%, profit contribution £0.1m.
2	Bloomsbury Children's Books will be known for author care, independent spirit and innovation.	Continuing to attract and retain the best debut talent and care for and grow existing authors and illustrators.
3	25% digital sales.	8% digital.
4	50% of consumer frontlist illustrated sales.	Significant growth in sales to schools of the education list.
5	Significant growth in sales to schools, education and general.	5% growth over the year.

GROUP AT A GLANCE
INFORMATION

About the publishing division

The division develops and runs publishing services to organisations such as Ernst & Young and Roland Berger and develops digital knowledge hubs mainly in partnership with third parties such as the financial best practice website www.qfinance.com with the Qatar Financial Centre Authority which attracts around 200,000 unique visitors per month. Its book publishing business includes a growing high quality list of business and management titles together with general trade reference works. The division is also responsible for the management services which Bloomsbury provides to the Qatar Foundation to develop Bloomsbury Qatar Foundation, a publishing operation which publishes books of quality and originality in Arabic and English and the open access, peer-reviewed, research journals' platform, www.qscience.com.

Managing Director:
Kathy Rooney

Kathy Rooney is responsible for Bloomsbury Information and has been a Publishing Director of Bloomsbury since 1987. A fluent German speaker, she ran Bloomsbury's then German subsidiary, Berlin Verlag from 2005 to 2008 and since 2007 has been responsible for Bloomsbury's developing business interests in Qatar. In 2009 she was awarded the prestigious Kim Scott Walwyn Prize for professional achievements of women in publishing. She has a PhD from the University of Warwick.

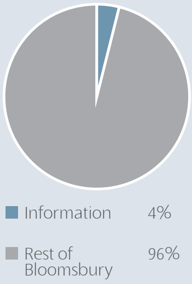
Business Model

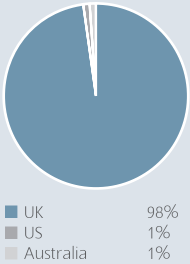
Value generating activities	Description of the activity
Publishing services	Working with organisations such as Ernst & Young and the consultancy firm Roland Berger.
Book publishing	A list of approx. 70 titles per year focused on business, management, dictionaries and reference and titles from the National Archives.
Management services	Provided to the Qatar Foundation.
Consultancy services	Provided to non-publishers to advise on options for publishing.

Divisional facts	
Revenue	£3.9m
Revenue - UK	£3.8m
Revenue - non-UK	£0.1m
Adjusted operating profit	£1.1m
Adjusted operating profit margin	28%

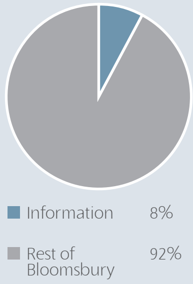
GROUP AT A GLANCE
INFORMATION

Revenue
£3.9m
(2012/13: £3.8m)





Adjusted operating profit[1]
£1.1m
(2012/13: £2.3m)



[1] Adjusted operating profit is operating profit before amortisation of intangible assets and other highlighted items

Strategy for growth

Bloomsbury Information is the youngest of Bloomsbury's four global divisions, having been set up in March 2011. We are expanding our resources to drive additional revenue and plan to establish ourselves across Bloomsbury's global offices. Our focus on providing high margin services to third parties is gathering pace as the economy exits from the recession. Investment in additional resource will aid that growth.

GROUP AT A GLANCE
RECENT CORPORATE DEVELOPMENT LANDMARKS FOR BLOOMSBURY

	Date	Publishing division most affected	Description
Acquisition of Hart Publishing	September 2013	Academic & Professional	Acquisition of a publisher of books and journals for the academic and professional markets in law.
US office move	April 2013	All	Relocated employees from various offices in the US into one single New York office.
Acquisition of Applied Visual Arts Publishing	June 2012	Academic & Professional	Acquisition of a publisher for students and professionals in the applied visual arts.
Acquisition of Fairchild Books	March 2012	Academic & Professional	Acquisition of a list of visual arts titles which augments Bloomsbury's visual arts offering.
Sale of Bloomsbury Verlag	February 2012	Adult, Children's & Educational	Sale of a loss making German subsidiary.
Set up of Bloomsbury India	February 2012	All	Setting up of Bloomsbury's India publishing business. The business was launched in August 2012.
Acquisition of Absolute Press	September 2011	Adult	Acquisition of a specialist cookery list.
UK office move	August 2011	All	Relocated employees from various offices in London and Oxford into a single London office. This enables teams to work efficiently together under the One Global Bloomsbury structure.
Acquisition of Continuum International Publishing Group	July 2011	Academic & Professional	Acquisition of substantial UK and US academic publisher which extends Bloomsbury's UK academic publishing activities and provides a critical mass in the US from which to grow US sales.
One Global Bloomsbury	March 2011	All	Implementation of Group structure consisting of four worldwide publishing divisions supported by global functions.

GROUP AT A GLANCE
RECENT PRIZES AND AWARDS FOR BLOOMSBURY

Title of book/ Author	Year	Prizes
Academic & Professional		
Academic & Professional division	2013 & 2014	The Bookseller Industry Award for Academic, Educational & Professional Publisher of the Year
Fashion and Age/ Julia Twigg	2014	Popular Culture Association / American Culture Association: Emily Toth Award for Best Single Work in Women's Studies - 1st Prize (joint winner)
Fashion Media/ Djurdja Bartlett, Shaun Cole and Agnes Rocamora	2014	Popular Culture Association / American Culture Association: Ray and Pat Browne Award for Best Edited Collection - 1st Prize
International Law and the Construction of the Liberal Peace/ Russell Buchan	2014	American Society of International Law: Lieber Society Francis Lieber Prize for an outstanding monograph in the field of law and armed conflict
Rory Mullarkey	2014	Pinter Commission (formerly the Harold Pinter Playwright's Award)
The International Court of Justice/ Robert Kolb	2014	American Society of International Law Certificate of Merit for High Technical Craftsmanship and Utility to Practicing Lawyers and Scholars
Academic & Professional division	2013	Independent Publishers Guild Publisher of the Year
Academic & Professional division	2013	Independent Publishers Guild Frankfurt Book Fair Academic & Professional Publisher of the Year
Berg Fashion Library	2013	Popular Culture Association / American Culture Association Electronic Reference Award
Bloomsbury Publishing	2013	Educational & Professional Publisher of the Year
Challenging the Qualitative-Quantitative Divide/ Barry Cooper, Judith Glaesser, Roger Gomm and Martyn Hammersley	2013	Society for Educational Studies Annual Book Prize: Highly Commended
Disgraced/ Ayad Akhtar	2013	Pulitzer Prize for Drama
Drama Online	2013	ALPSP Digital Publishing Innovation Award - Special Commendation
EU Counter-Terrorism Law: Pre-Emption and the Rule of Law/ Cian C Murphy	2013	Society of Legal Scholars Birks Prize for Outstanding Legal Scholarship - 2nd Prize winner
Ezra Pound's Adams Cantos/ David Ten Eyck	2013	Ezra Pound Society Book Award
Illustrated Codes For Designers/ Katherine S. Ankerson	2013	Residential IDEC Book of the Year
On Modern Poetry/ Robert Rowland Smith	2013	Choice Outstanding: Academic Title
Semiotics of Drink and Drinking/ Paul Manning	2013	Society for Linguistic Anthropology: Edward Sapir Book Prize
The Identities and Practices of High Achieving Pupils/ Becky Francis, Barbara Read and Christine Skelton	2013	Society for Educational Studies Annual Book 1st Prize
Wine and Culture/ Rachel E. Black and Robert C. Ulin	2013	Gourmand Awards: Best Drinks Writing
Writing the Self/ Peter Heehs	2013	Choice Outstanding: Academic Title

Title of book/ Author	Year	Prizes
Adult		
Bill Veeck/ Paul Dickson	2014	Special Libraries Assoc.(SLA) Baseball Caucus Readers' Choice Award
Ebony and Ivy/ Craig Steven Wilder	2014	ALA Black Caucus Literary Award Non-fiction winner
Little Known Facts/ Christine Sneed	2014	Chicago Public Library's 21st Century Award for an Emerging Chicago Author
Aminatta Forna	2013	Windham Campbell Prize
Bill Veeck/ Paul Dickson	2013	Society for Baseball Research (SABR) Henry Chadwick Award
Bill Veeck/ Paul Dickson	2013	Jerome Holtzman Award
David Kynaston	2013	Spear's Book Awards: Lifetime Achievement Award
Diving Belles/ Lucy Wood	2013	Holyer An Gof Awards: Adult Fiction
Diving Belles/ Lucy Wood	2013	Somerset Maugham Awards: Winner (one of four)
Every Grain of Rice/ Fuchsia Dunlop	2014	James Beard Award: International
Every Grain of Rice/ Fuchsia Dunlop	2013	Guild Of Food Writers' Awards: Kate Whiteman Award for Work on Food and Travel
Everybody Matters/ Mary Robinson	2013	International Freedom Award
Everybody Matters/ Mary Robinson	2013	National Civil Rights Museum's International Freedom Award
Fire in the Belly/ Cythia Carr	2013	Lambda Literary Award - Winner in Gay Memoir/ Biography category
Historic Heston/ Heston Blumenthal	2014	James Beard Awards: Cookbook of the Year; Cooking from a Professional Point of View; Photography
Historic Heston/ Heston Blumenthal	2014	Fortnum & Mason Food & Drink Awards: Romas Foord for Photography
Kevin Starr	2013	Kevin Starr is the 33rd recipient of the Robert Kirsch Award for Lifetime Achievement
Maggie & Me/ Damian Barr	2013	Stonewall Awards: Writer of the Year
Maggie & Me/ Damian Barr	2013	Paddy Power Political Book Awards: Political Humour and Satire Book of the Year
Notes from the House Spirits from Diving Belles/ Lucy Wood	2013	BBC National Short Story Award: Runner-up
Polpo/ Russell Norman	2013	Book Marketing Society Awards: Best Package Design, Best Shoestring Marketing Campaign
Tenth of December/ George Saunders	2013	Folio Prize
The Gamal/ Ciaran Collins	2013	Rooney Prize
The Love-charm of Bombs/ Lara Feigel	2013	Spear's Book Awards: Social History
Unbored/ Elizabeth Foy Larsen and Joshua Glenn	2013	AIGA BoNE (Best of New England) Show Award
Volcker/ William L. Silber	2013	China Business News Financial Book of the Year Award
Volcker/ William L. Silber	2013	CBN (China Business News) Financial Book of the Year Award
Childrens & Educational		
The Water Castle/ Megan Frazer Blakemore	2014	IRA Children's And Young Adult's Book Award: Honor book in intermediate fiction division
Imprisoned/ Martin W. Sandler	2013	The Herald Sun Wilde Awards, Best Longer Young Adult, Children's Books
Throne Of Glass/ Sarah J. Maas	2013	YALSA Best Fiction for Young Adults
In Darkness/ Nick Lake	2013	Michael L. Printz Award
The Weight Of Water/ Sarah Crossan	2013	UKLA Book Award
The Weight Of Water/ Sarah Crossan	2013	CBI Ellis Dillon First Book Award
Eleven Eleven/ Paul Dowswell	2013	The Historical Association Young Quills Prize

GROUP AT A GLANCE
RECENTLY SHORTLISTED BLOOMSBURY AUTHORS AND BOOKS

Title of book/ Author	Year	Prizes
Academic & Professional		
Academic & Professional division	2014	Independent Publishers Guild Frankfurt Book Fair Academic & Professional Publisher of the Year
Bloomsbury Revelations series	2014	Academy of British Cover Design Awards Best Series Design
Becoming a Successful Illustrator/ Jo Davies and Derek Brazell	2013	Association of Illustrators Illustration Awards - Book category
Drama Online	2013	Futurebook Digital Innovation Awards
Homer: A Guide for the Perplexed/ Ahuvia Kahane	2013	The Anglo-Hellenic League Runciman Award
Pynchon and Relativity/ Simon de Bourcier	2013	British Society: Literature and Science Book Prize
The Right to Housing: Law, Concepts, Possibilities/ Jessie Hohmann	2013	Society of Legal Scholars Birks Prize: Outstanding Legal Scholarship
Adult		
Mirror Earth/ Michael D. Lemonick	2014	American Association for the Advancement of Science/ Subaru Science Books and Film Prize: Excellence in Science Books
The Residue Years/ Mitchell S. Jackson	2014	ALA/Black Caucus: Honor book in fiction category
The Residue Years/ Mitchell S. Jackson	2014	Hemingway Foundation/PEN: First Novel Award-finalist
The Two Hotel Francforts/ David Leavitt	2014	Publishing Triangle Ferro-Grumley Award: LGBT fiction-finalist
The Two Hotel Francforts/ David Leavitt	2014	Lambda Literary Award: Bisexual Fiction category - finalist
A Difficult Woman/ Alice Kessler-Harris	2013	PEN/ Jacqueline Bograd Weld Award: Biography
A Difficult Woman/ Alice Kessler-Harris	2013	Los Angeles Times Book Prize in Biography category
Abbey Road/ Alistair Lawrence	2013	BPIF Book Design And Production Awards
And the Mountains Echoed/ Khaled Hosseini	2013	Specsavers National Book Awards: International Author of the Year
Ballistics/ D.W. Wilson	2013	Dylan Thomas Prize
Bird Sense/ Tim Birkhead	2013	Royal Society Winton Prize for Science Books
Bookie Gambler Fixer Spy: A Journey to the Heart of Cricket's Underworld/ Ed Hawkins	2013	William Hill Sports: Book Of The Year Award
Coppi/ Herbie Sykes	2013	British Sports Book Awards: Illustrated Book Of The Year
Ebony and Ivy/ Craig Steven Wilder	2013	Michael Harrington Book Award-finalist
Fire in the Belly/ Cynthia Carr	2013	J. Anthony Lukas Book Prize-2nd place
Fire in the Belly/ Cynthia Carr	2013	Publishing Triangle Randy Shilts Award-finalist
Glorious Misadventures/ Owen Matthews	2013	Pushkin House Russian Book Prize
Hard Twisted/ Chuck C. Greaves	2013	Oklahoma Book Award in Fiction-finalist
Imperfect Perfection - Early Islamic Glass/ Michelle Walton & Museum of Islamic Art	2013	BPIF Book Design and Production Awards
In Darkness/ Nick Lake	2013	CILIP Carnegie Medal
Kamila Shamsie & Ned Beauman	2013	Granta Best Of British Young Novelists
Leonardo and the Last Supper/ Ross King	2013	Catholic Press Book Award: Best Biography category-2nd place
Lost Cat/ Caroline Paul and Wendy MacNaughton	2013	Lambda Literary Award: Lesbian Memoir/Biography category-finalist
Men We Reaped/ Jesmyn Ward	2013	National Book Critics Circle (NBCC) Award: Autobiography category-finalist
Paul Hollywood's Bread/ Paul Hollywood	2013	Specsavers National Book Awards: Food & Drink Book of the Year
Pinstripe Empire/ Marty Appel	2013	Special Libraries Assoc. (SLA): Baseball Caucus Reader's Choice-finalist
Polpo/ Russell Norman	2013	Andre Simon Award: Food: British Design And Production Awards – Lifestyle

Title of book/ Author	Year	Prizes
Tom Kerridge's Proper Pub Food/ Tom Kerridge	2013	Specsavers National Book Award: Food & Drink Book of the Year
Return of a King/ William Dalrymple	2013	Duff Cooper Prize
Shadow of the Rock/ Thomas Mogford	2013	CWA Dagger Awards: John Creasey Dagger (best debut crime novel)
She Rises/ Kate Worsley	2013	Lambda Literary Award:Lesbian General Fiction category-finalist
Sit Down and Cheer/ Martin Kelner	2013	British Sports Book Awards: Best New Writer
Story of a Death Foretold/ Oscar Guardiola-Rivera	2013	Bread & Roses Award: Radical Publishing
Tenth of December/ George Saunders	2013	National Book Awards (US) Finalists
The Bone Season/ Samantha Shannon	2013	Specsavers National Book Awards: New Writer of the Year
The Crooked Maid/ Dan Vyleta	2013	Giller Prize(Canada)
The Gamal/ Ciaran Collins	2013	Bord Gais Energy Irish Book Awards: Sunday Independent Newcomer of the Year
The Light of Amsterdam/ David Park	2014	IMPAC International Dublin Literary Award
The Lowland/ Jhumpa Lahiri	2013	Man Booker Prize
The Lowland/ Jhumpa Lahiri	2014	Baileys Women's Prize for Fiction
The Lowland/ Jhumpa Lahiri	2013	Giller Prize(Canada)
The New Middle East/ Paul Danahar	2013	Paddy Power Political Book Awards: Debut Political Book of the Year
The Odyssey/ Seymour Chwast	2013	Eisner Award in Best Adaptation from Another Medium category-finalist
The Residue Years/ Mitchell S. Jackson	2013	Center for Fiction's Flaherty-Dunnan: First Novel Prize-finalist
The Searchers/ Glenn Frankel	2013	Los Angeles Times Book Prizes:History category-finalist
The Signature of All Things/ Elizabeth Gilbert	2013	Wellcome Trust Book Prize
The Sound of Things Falling/ Juan Gabriel Vasquez (translated by Anne McLean)	2014	IMPAC International Dublin Literary Award
The Sound of Things Falling/ Juan Gabriel Vasquez (translated by Anne McLean)	2013	Premio valle inclan prize: Spanish translation-runner up
The Tragedy of Liberation/ Frank Dikotter	2014	Orwell Prize
This Magnificent Desolation/ Thomas O'Malley	2013	Kerry Group Irish Novel of the Year
TransAtlantic/ Colum McCann	2014	Kerry Group Irish Novel of the Year
TransAtlantic/ Colum McCann	2013	Bord Gais Energy Irish Book Awards: Eason Novel of the Year
We'll Get 'Em in Sequins/ Max Davidson	2013	British Sports Book Awards: Cricket Book Of The Year
The Man Within My Head/ Pico Iyer	2012	Duff Cooper Prize
Darwin's Ghosts/ Rebecca Stott	2012	Duff Cooper Prize
Children's & Educational		
The Wall/ William Sutcliffe	2014	CILIP Carnegie Medal
Imprisoned/ Martin W. Sandler	2014	YALSA's Non-fiction Award
Fortunately, The Milk.../ Neil Gaiman	2013	Specsavers National Book Awards: Children's Book of the Year
Throne Of Glass/ Sarah J. Maas	2013	Waterstones Children's Book Prize
Hostage Three/ Nick Lake	2013	CILIP Carnegie Medal
The Weight Of Water/ Sarah Crossan	2013	CILIP Carnegie Medal
Time For Bed, Fred/ Yasmeen Ismail	2013	Waterstones Children's Book Prize
Shiverton Hall/ Emerald Fennell	2013	Waterstones Children's Book Prize
Killing Rachel/ Anne Cassidy	2013	Red House Children's Book Awards
Love In Revolution/ B.R. Collins	2013	Stonewall Awards Writer of the Year

FINANCIAL REVIEW

Overview

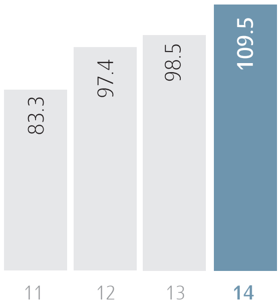
In 2013/14 Bloomsbury increased sales by 11% to £109.5 million generating £13.0 million of profit before tax and highlighted items, up 4% on the previous year.

The results for this year largely reflect:

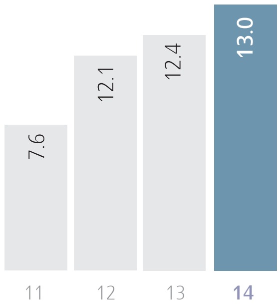
- strong new book sales in the Adult and Children's & Educational divisions;
- continuing organic growth in our Academic & Professional division;
- a contribution from Hart Publishing, which we acquired in September 2013; and
- lower profits from the Information division due to higher project costs and investment to extend its global reach.

Our Continuing results history for the last four years is shown in the graph below:

Revenue*
£m



Operating profit*
£m



* Revenue and operating profit are for 12 months ended 28/29 February. Operating profit is stated before highlighted items. On 28 February 2012 the Company sold Bloomsbury Verlag, its subsidiary in Germany, following a strategic decision to concentrate on English language publishing. Results for 2011/12 and earlier years exclude this subsidiary.

On 2 September 2013, we acquired Hart Publishing ('Hart'). Our other significant acquisitions in the past two years were Fairchild Books acquired on 30 March 2012 and Applied Visual Arts Publishing ('AVA') acquired on 29 June 2012. Underlying numbers disclosed below exclude the results of Hart, Fairchild Books and AVA. All these businesses are in the Academic & Professional division.

There have been no changes in accounting policies in the year, with the exception of the adoption of a number of new accounting standards which have not had a material impact on the Group's results.

Summary of results

	Year ended 28 February 2014 £m	Year ended 28 February 2013 £m	Year on year change %
Revenue	109.5	98.5	11%
Operating profit margin	11.9%	12.6%	-6%
Operating cash flow	11.1	7.9	41%
Profit before tax and highlighted items	13.0	12.5	4%
Profit before tax	9.5	9.8	-4%
Diluted EPS before highlighted items	14.23p	13.11p	9%
Diluted EPS	10.43p	9.99p	4%

Revenue

The Group's revenues arise from publishing services and related revenue. Publishing services principally comprise editing, marketing, selling and distribution of titles either in print or digital formats. Related revenue is disclosed in the rights and services table below.

Group revenue for the year was £109.5 million, up 11% on the year ended 28 February 2013 of £98.5 million. There was growth year on year of 13% in the Adult division and 11% in each of the Academic & Professional and Children's & Educational divisions. The Hart acquisition contributed £1.8 million to revenue and £0.5 million to operating profit before highlighted items.

Excluding the impact of the acquisitions of Hart, Fairchild Books and AVA, the Group's underlying revenue in the year ended 28 February 2014 of £101.5 million was up on a like-for-like basis by 10% (2012/13: £92.5 million).

	Total revenue £m	Proportion of total revenue %	Revenue growth year on year %
Print	88.8	81%	16%
Digital	12.2	11%	21%
Total title sales	101.0	92%	16%
Rights and services	8.5	8%	-26%
Total	109.5	100%	11%

Title sales grew by 16% year on year. Within that there was growth in both print and digital formats. Print sales were 81% of total sales, up £11.9 million, 16%, year on year, and up £10.4 million, 15% on an underlying basis. Digital sales comprise e-book sales and growing online revenues. E-book sales were up 15% year on year to £10.5 million, and are 10% of Group revenues (2012/13: 9%). Given the nature of e-books, most of this growth was in the Adult division, where 14% of sales were e-books (2012/13: 13%). Overall 13% of sales in the US were of e-books and 9% in the UK. Online digital revenues had strong growth and were up £0.8 million, 84% to £1.7 million, and are now 2% of Group revenue (2012/13: 1%), mainly in the Academic & Professional division.

Rights and services revenue streams are analysed below.

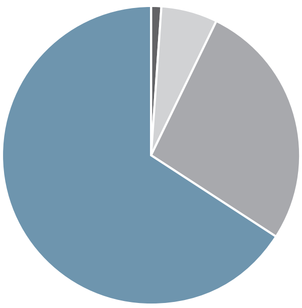
£m	2013/14	2012/13	Change %	2011/12
Copyright licences	3.8	6.3	-40%	6.3
Trademark licences	0.7	0.7	4%	1.2
Management contracts	3.2	4.0	-21%	3.4
Other	0.8	0.5	60%	1.7
Total	8.5	11.5	-26%	12.6

FINANCIAL REVIEW

Rights and services revenue was down by £3.0 million on last year's strong result. The two key areas that drive this revenue are copyright licence sales and management contract income. Copyright licences include the sale of foreign language or online rights to our titles. Revenue has reduced year on year by £2.5 million as fewer deals were completed and at lower amounts. Trademark licence revenue in 2011/12 included income from rights following the Bloomsbury Verlag disposal. Management contracts include revenues from the IZA World of Labor deal, signed in 2011, and from our management contract in Qatar. The top three revenue sources in 2012/13 delivered £3.4 million profit (35% of total rights and services profit) whereas in 2013/14 the top three sources delivered £2.8 million or 43% of this profit.

The chart below shows where Group revenues were generated for the year ended 28 February 2014. Proportions are similar to last year, except for the new entry of our Indian business.

Group revenue by territory
%



Gross profit margin and operating profit

The gross margin reduced year on year from 58% to 57% of revenue. This is mainly because a lower proportion of higher margin rights and services revenues was generated year on year. Within this, stock costs included a one-off additional provision of £0.8 million in the US Academic & Professional division. Author costs, which consist of royalties and advance provision, reduced as a percentage of revenues year on year.

Group marketing and distribution costs remained at 15% of title revenues.

The business incurred £0.7 million of extra on-going administration costs in 2013/14 relating to acquisitions and the new business in India, and invested an extra £0.4 million in IT, Digital Development, Production and Operations in facilitating the strategic move to digital workflows and extending Bloomsbury Information's global reach. Excluding these, administration costs in the rest of the business were up by 4% to £33.3 million. This follows the 1% reduction last year in underlying administration costs.

Group operating profit before highlighted items for the year was £13.0 million, up 5% on last year. The operating profit margin before highlighted items for the Group was 11.9% (2012/13: 12.6%) largely reflecting the lower proportion of higher margin rights and services revenues year on year.

The acquisition of Hart and restructuring costs within the One Global Bloomsbury initiative resulted in costs which, together with intangible amortisation, have been highlighted separately in the financial statements. Intangible amortisation includes an amount of £1.1 million (2012/13: £0.7 million) in relation to product and systems development.

£m	Charge
Legal and professional fees (primarily Hart acquisition)	0.3
Restructuring costs (acquisitions and One Global Bloomsbury structure)	0.5
	0.8
Intangible amortisation (see note 13)	2.7
Total	3.5

Divisional performance

The table below shows performance by division:

	Revenue		Operating profit before highlighted items	
	2013/14 £m	2012/13 £m	2013/14 £m	2012/13 £m
Academic & Professional	32.1	29.0	4.5	5.3
Adult	49.9	44.4	5.4	3.7
Children's & Educational	23.6	21.3	2.0	1.1
Information	3.9	3.8	1.1	2.3
Total	109.5	98.5	13.0	12.4

Divisional financial highlights are noted below and further information by division is given in the Divisional Review section of the Chief Executive's Review.

The Academic & Professional division has grown significantly during 2012/13 and 2013/14 through acquisitions, organic growth in digital subscription-based publishing and innovative deals with publishing partners. Growth in Academic & Professional revenues is core to our strategy to balance consumer and non-consumer revenues. This division makes up 29% of Group revenue (2012/13: 29%). The division's operating profit was affected by lower rights and services profit and a one-off £0.8 million additional US stock provision. Academic & Professional sales grew by 11% year on year. Digital sales were up £0.9 million, 39%, within which online digital sales were up £0.7 million, 76% to £1.6 million which includes sales of Drama Online, Churchill Archive and Bloomsbury Professional. On an underlying basis, before the acquisitions made in the last two years, title sales in the division were up by 11% year on year. Underlying rights and services revenue was down £1.0 million year on year following a very strong result in 2012/13.

In the Adult division sales were 13% up year on year. This was the strongest year for the division ever. There were several bestsellers on frontlist titles: *And the Mountains Echoed* by Khaled Hosseini, *Tom Kerridge's Proper Pub Food*, *Paul Hollywood's Pies and Puds*, *The Bone Season* by Samantha Shannon, *Wisden Cricketers' Almanack 2013* and *The Signature of All Things* by Elizabeth Gilbert. The increase in sales resulted in a £1.7 million increase in operating profit. E-book revenues rose 25% year on year to £7.0 million, which represented 14% of the division's total revenues compared to 13% in the previous year. This division makes up 46% of Group revenue (2012/13: 45%). *The Lowland* by Jumpa Lahiri was a finalist for the Man Booker Prize 2013. Our cookery titles by Tom Kerridge and Paul Hollywood tied into BBC TV series. Film rights to *The Bone Season* have been acquired by 20th Century Fox/ Chernin Entertainment.

The Children's & Educational division sales were 11% up year on year. The increase was in print sales. This included *Harry Potter Box sets*, *Hogwarts Library Box set* and *Fortunately, the Milk...* by Neil Gaiman and in the Education list *RSC Shakespeare Toolkit for Primary Schools*. The division makes up 21% of Group revenue (2012/13: 22%).

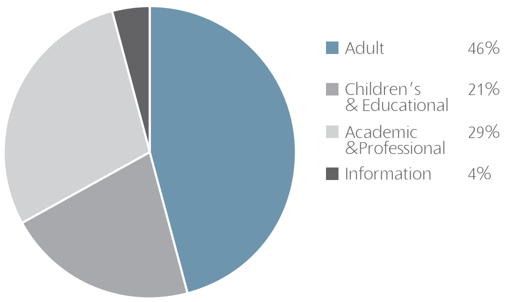
The Information division generated 89% of its revenue from rights and services. This was mainly management services fees and included fees for the businesses we manage in Qatar and our World of Labor project with the IZA in Germany, which is generating £4.3 million of revenue over five years. The division's operating profit before highlighted items was £1.1 million (2012/13: £2.3 million). The reduction in profit is because of higher project costs being incurred in 2013/14.

FINANCIAL REVIEW

The charts show the proportion of Group revenue that each division generates:

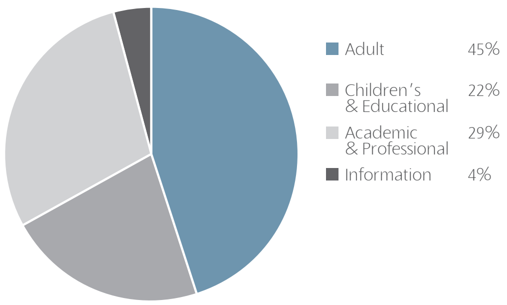
2014 Revenue by division

%



2013 Revenue by division

%



Acquisitions

On 2 September 2013 the Group acquired the issued share capital of Hart for a total consideration of £6.7 million. The acquisition reflected Bloomsbury's strategy to increase its proportion of non-consumer revenues. Goodwill of £4.6 million arose on the acquisition, and intangible assets of £2.2 million were identified for publishing rights and imprints acquired. The consideration was payable in two instalments, commencing at the acquisition date and followed by an earn out which related to the period ended 31 March 2014. The acquisition contributed £1.8 million of revenue and £0.5 million of incremental profit to the Academic & Professional division this year.

On 4 September 2013 we acquired the natural history list from New Holland Publishers for a cash consideration of £0.4 million, as part of our strategy to become the number one UK publisher of natural history. Goodwill of £0.1 million arose on the acquisition, and intangible assets of £0.2 million were identified for publishing rights acquired.

Interest

The net interest expense for the Group for the year was £0.03 million compared with an income of £0.09 million for 2012/13 due to lower net cash levels, which reduced following acquisitions.

Taxation

Taxation on continuing operations was £1.8 million for the year, compared to £2.0 million for the year ended 28 February 2013. The effective tax rate was 18.7% (2012/13: 20.6%). Excluding the effect of highlighted and other non-recurring items, the effective tax rate for the Group was 18.3% (2012/13: 21.4%), consistent with the reduction in the UK tax rate which impacted current and deferred tax and the release of some prior year provisions no longer required.

Earnings per share

Diluted earnings per share, excluding highlighted items, were up by 9% year on year to 14.23 pence (2012/13: 13.11 pence) reflecting the growth in profit before tax and highlighted items and the lower effective tax rate. Diluted earnings per share were up by 4% year on year to 10.43 pence (2012/13: 9.99 pence).

Dividend and dividend policy

The Group has a progressive dividend policy and aims to keep dividend cover in excess of two. In line with this policy the Directors are recommending a final dividend of 4.84 pence per share, which subject to shareholder approval at our Annual General Meeting on 22 July 2014, will be paid on 24 September 2014 to shareholders on the register at the close of business on 29 August 2014. Together with the interim dividend, this makes a total dividend for the year ended 28 February 2014 of 5.82 pence per share, a 5.8% increase on the 5.50 pence dividend for the year ended 28 February 2013. Over the past eight years the dividend has increased at a compound annual growth rate of 6%.

Capital structure

Our Statement of Financial Position at 28 February 2014 can be summarised as set out in the table below:

	Assets £m	Liabilities £m	Net assets £m
Property, plant and equipment	3.1	—	3.1
Goodwill and intangible assets	60.8	—	60.8
Current assets and liabilities	82.1	37.8	44.3
Other non-current assets and liabilities	—	1.0	(1.0)
Post-retirement obligations	—	0.1	(0.1)
Deferred tax	2.1	3.2	(1.1)
Total before net cash	148.1	42.1	106.0
Net cash	10.0	-	10.0
Total as at 28 February 2014	158.1	42.1	116.0
Total as at 28 February 2013	154.0	39.2	114.8
Increase	4.1	2.9	1.2

The Group's key assets were goodwill and intangible assets, net trade receivables, advance prepayments and inventories.

Net assets increased by 1% to £116.0 million (2013: £114.8 million) and net assets per share by 1% to 157 pence (2013: 155 pence). The main movements in the balance sheet are explained below.

Assets

Goodwill and intangible assets increased by £5.6 million to £60.8 million (2013: £55.2 million) due to:

- the acquisitions of Hart and the New Holland list increasing goodwill by £4.7 million and other intangibles by £2.4 million;
- additions to product and systems development and assets under construction of £1.7 million (which includes Academic & Professional online knowledge hubs); less
- £2.8 million of amortisation and £0.4 million of exchange differences.

Inventories reduced 1% to £25.2 million (2013: £25.6 million). This includes £0.6 million of stock acquired as part of the Hart acquisition, offset by a £0.8 million one-off additional stock provision in the US.

Trade and other receivables were £56.8 million (2013: £53.6 million). The acquisition of Hart added £0.7 million to trade receivables and there was an increase of £2.5 million in trade receivables from increased trading.

Since books sold are generally returnable by customers, the Group makes a provision against books sold in the accounting year. The unused provision at the year end is then carried forward and offset against trade receivables in the balance sheet, in anticipation of further book returns subsequent to the year end. A provision for the Group of £4.7 million (2013: £5.3 million) for future returns relating to 2013/14 and prior year sales has been carried forward in trade receivables at the balance sheet date. This provision was 15% of gross trade receivables (2013: 18%). The reduction reflects reducing return trends as more sales are moving to online channels and e-book sales increase.

As at 28 February 2014 the Group had 3,579 titles (2013: 4,043) under contract for future publication, with a gross investment of £21.1 million (2013: £24.2 million). After payment of the initial tranches of advances to authors, our year end commitment for future cash payments on these contracted titles fell to £12.2 million (2013: £14.7 million).

Equity and liabilities

At 28 February 2014 total equity was £116.0 million (2013: £114.8 million). The increase of £1.2 million was due to a decrease of £3.2 million from the cumulative currency translations, dividends of £4.0 million (2012/13: £3.8 million), offset by share-based payment transactions of £0.6 million and the retained profit for the year of £7.7 million (2012/13: £7.5 million) after highlighted items of £3.5 million (2012/13: after highlighted items of £2.7 million).

Current liabilities increased 15% to £37.8 million (2013: £32.9 million). Trade payables increased to £13.7 million (2013: £12.0 million) due to an increase in trading levels. Accruals and deferred income, which is included in trade and other payables, increased to £17.5 million (2013: £14.9 million). This includes deferred income on database contracts, subscription revenues and royalty payments due to authors, which vary year on year depending on revenue and authors' royalty rates. Other payables decreased to £3.4 million (2013: £4.1 million) which includes £2.0 million to cover the third and final instalment of the Fairchild Books and AVA purchase prices (2013: £2.0 million second instalment). Provisions increased to £0.5 million (2013: £0.1 million) to cover the £0.5 million potential earn out on the acquisition of Hart.

Non-current liabilities reduced 33% to £4.3 million (2013: £6.4 million). Within that, other payables reduced to £0.6 million (2013: £2.5 million) due to the £2.0 million accrual of the final instalment of the Fairchild Books and AVA purchase price moving to current liabilities. The deferred tax liability of £3.2 million primarily relates to intangible assets arising on acquisitions. This is reducing as the relevant intangibles are amortised.

Cash

Cash and cash equivalents were £10.0 million at the year end (2013: £14.6 million). The net cash inflow from operating activities, including the effect of highlighted items, was £11.1 million, £3.2 million better than 2012/13. Investing activities for the year ended 28 February 2014 resulted in an outflow of £11.0 million (2013: £2.4 million) largely from the acquisition of Hart, instalment payments for Fairchild and AVA acquired in the previous year and the purchase of intangible assets; the outflow in 2012/13 included the acquisitions of Fairchild Books and AVA and purchase of intangible assets. Hart was acquired for £6.7 million, £0.5 million of which is due after the year end. The acquisitions of Fairchild Books and AVA in 2012 are being financed in cash in three equal annual instalments with no interest on the deferred cash payments. £2.0 million was paid in respect of these acquisitions in the year and there is one instalment remaining for each, to be paid in 2014/15. The net cash of £4.1 million used in financing activities was predominantly made up of dividends of £4.0 million (2013: £3.8 million).

Liquidity

The Group has an unsecured credit facility with Lloyds Bank. At 28 February 2014 the Group had £10 million of committed loan facility (2013: £10 million) and £2 million of overdraft facility (2013: £2 million) undrawn at the year end. The loan facility was drawn down to fund the acquisition of Hart and was repaid before the year end. The overdraft facility is available until November 2014 and the loan facility matures in July 2016. The facility is subject to two covenants being a maximum net debt to EBITDA ratio and a minimum interest cover covenant.

The Group's net cash position changes over the course of the year as a result of the seasonality of the business with the most significant expenses being the payment of royalties in March and September and the most significant sale receipts being in February from the Christmas sales.

RISK FACTORS

Outlined in the table on pages 37 to 38 is a description of risk factors that management considers are relevant to the Group's business. Not all the factors are within management's control and other factors besides those listed below could also affect the Group. Actions being taken by management to mitigate risk factors should be considered in conjunction with the cautionary statement to shareholders in the Directors' Report on page 52 with regards to forward looking statements. Details on financial risk management are given in note 23.

Our strategy

The Group's mission is to grow a high quality global publishing business delivering high value to its authors and other contributors, readers and shareholders.

We achieve this mission through our strategy, which is to:

- Publish authors and works of excellence and originality.
- Deliver professional services to those seeking publication.
- Combine tradition and technology to achieve excellence.
- Establish solid profit streams.

Key objectives include:

- Grow non-consumer revenues so that they match or exceed our consumer revenues. This is because these revenues have higher margins, are generally a more predictable revenue stream, are less reliant on the retail bookshop environment and have more digital opportunities. Non-consumer revenues mainly comprise those in our Academic & Professional and Information divisions.
- Continue acquisition of rights to publish outstanding works by undiscovered and established authors.
- Expand internationally in English language markets. This reduces the Group's reliance on the UK market and, in particular, takes advantage of the biggest academic market worldwide in the US and the significant growth in India.
- Create and exploit copyright and IP including by licensing information databases to support major institutions and corporations.
- Benefit from the digital opportunity, both in cost saving and market expansion.
- Deliver excellent service to our authors.

Information of how we take account of social and environmental matters when implementing our strategy is included in Corporate Responsibility on pages 39 to 45.

Overview of Bloomsbury's processes

Bloomsbury is an independent publisher and has been listed on the Main Market of the London Stock Exchange since 1994. Over a period of more than 25 years the business has built up a substantial body of publishing rights.

The Group is structured as four fully integrated worldwide publishing divisions — Adult, Children's & Educational, Academic & Professional and Information — under a global brand supported by centralised sales, marketing, production and head office functions. Each publishing division reports to the Chief Executive. The Group encourages each publishing division to develop and grow diversified income streams. Each division has the capability to publish books in all formats but may also produce other products such as online content accessible through subscription. Each division may also use its expertise to provide publishing related services to clients.

Book publishing

Publishing e-books and printed books is the main activity of Bloomsbury. Publishing teams acquire the intellectual property rights to publish the works of authors. Bloomsbury sells its own books typically through online retailers such as Amazon, through bookshops, through supermarkets and direct to customers.

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

RISK FACTORS

Group strategic actions to mitigate the risks

The Group focuses on improving its processes in order to address the identified risks and has implemented a number of key initiatives including:

Repositioning the business towards non-consumer revenues

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

- ***Long-term growth potential, less sales volatility and higher margins:*** The demand for academic and professional books is more regular which reduces the volatility of book sales compared to general consumer publishing.
- ***Barriers to entry:*** Since acquiring Methuen Drama in 2006, Bloomsbury has continuously invested in growing its academic publishing business through organic growth and acquisitions of publishing businesses, lists of academic books and online databases. The academic publishing division has been consolidated into a substantial unified worldwide publisher with a strong US footprint and with a number of market leading subject areas.
- ***Established business:*** Bloomsbury is successfully developing its established position in the professional publishing market.
- ***Exploiting intellectual property:*** Bloomsbury is developing innovative academic online products which are sold under annual subscriptions and which exploit the Group's content assets and expertise.
- ***Lower risk:*** Academic publishing acquisitions require lower advances and have lower returns of unsold copies from booksellers.

Growth in emerging markets

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

One Global Bloomsbury

From 2011 the Group has implemented One Global Bloomsbury which is the approach of four worldwide publishing divisions under a global brand supported by centralised sales, marketing, production and head office functions. To support One Global Bloomsbury the Group has global information systems and processes. One Global Bloomsbury and the global processes address a number of risks and process areas:

- ***Extended territorial reach of the sales and marketing teams:*** Sales and marketing teams have been unified into a single global function to meet the needs of a worldwide market.
- ***Editorial economies of scale:*** Editorial teams have an increased focus on acquiring the world rights.
- ***Functional economies of scale:*** The Production function (which takes finalised scripts from editorial teams and converts them into e-books and/or printed books), Finance and IT teams have been unified into global functions to support the Bloomsbury publishing teams based in different territories worldwide.
- ***Worldwide systems and processes:*** The Group has implemented centralised publishing and finance systems worldwide across the business allowing the global team to work more closely together.

The table below provides a description of risk factors that management considers relevant to the Group's business. Other factors besides those listed could also affect the Group.

Key area	Risk	Description	Mitigation
Market	*Volatility of general trade book sales*	* Sales of general consumer books for both children and adults focus on bestsellers and can be both seasonal and volatile	* Develop academic and professional publishing where revenues are less volatile * Develop other revenue streams including from rights and services to increase the scope for annually renewable agreements
	Increased importance of internet retailing and internet retailers	* As bricks and mortar retailers for the bestsellers reduce in number and range, internet retailing and internet retailers increase in importance	* Grow expert marketing teams with digital skills who understand the book buying behaviours of readers * Increase focus on developing other marketing opportunities and other revenue streams e.g. rights and services * Grow e-book sales
	Increase in sales through supermarkets and other non-traditional outlets	* Many non-traditional retailers focus on bestsellers rather than a range of titles	* Reduce dependence on bestsellers by developing other revenue streams e.g. academic and professional
	Decline in high-street bookshops	* Numbers of UK and US bookshops (both independent and chains) have declined	* Grow relationships with other retailers including independent booksellers, internet retailers and supermarkets * Ensure sales in the international market are maximised to reduce dependence on domestic sales in the UK and the US * Develop other revenue streams e.g. rights and services
Rights and services	*Volatility of timing of closing rights and services deals*	* The timing for completing high margin rights and services deals can depend on the performance of multiple parties including the main customer	* Increase the number of rights and services deals to average the revenue recognition start point of deals
	Non-renewal of larger subscription and services agreements	* The customer or partner might not renew agreements that generate significant on-going income	* Senior managers responsible for ensuring strong performance by Bloomsbury of its obligations and strong customer care * Increase the portfolio of agreements to reduce the dependency on individual agreements

Key area	Risk	Description	Mitigation
	Entrepreneurial risk	✷ A deal may require upfront staff time and costs but may fail to close resulting in lost investment	✷ Increase the portfolio of deals to leverage economies of scale and absorb volatility
Move to digital	*Shift from print*	✷ E-books are increasing as a percentage of Group revenue	✷ Position Group publishing to ensure titles can be sold in digital format(s) ✷ Broaden range of revenue streams e.g. subscription, rights and services
	E-book sales plateau	✷ US e-book sales have softened. Trend may continue in other markets	✷ Ensure Group is positioned to take advantage of e-book emergence in international markets ✷ Use social media and other digital marketing to encourage direct sales to consumers ✷ Continue to supply books in all formats aligned with the demands of readers
Title acquisition	*Retention of authors*	✷ Authors (especially in general consumer publishing) are usually commissioned on a book by book basis	✷ Broaden publishing portfolio to reduce dependence of business on bestselling authors
	High advances sought by agents	✷ Agents seek high advances for some authors	✷ Publish more non-general consumer books e.g. academic and professional
	World rights not acquired	✷ Agents prefer to split territorial rights for English language publishing between the US and the UK	✷ Focus acquisition on titles where world English rights are available ✷ Concentrate on academic publishing where world rights are the norm
IP and copyright	*Erosion of copyright*	✷ Erosion of copyright through government or other action	✷ Continue policy of support for copyright and intellectual property rights as a fundamental facet of publishing
	Piracy	✷ Piracy of titles in print or digital form	✷ Adopt robust anti-piracy policies ✷ Ensure good digital rights management protection of e-books and digital formats ✷ Participate in key industry anti-piracy initiatives
	Open access	✷ Proliferation of free online content reduces users' willingness to pay	✷ Develop content products sponsored by third parties to be provided free to users ✷ Develop specialised content products that can be sold, and access controlled, through subscription licences paid for by third parties

CORPORATE RESPONSIBILITY

Bloomsbury's core business is the worldwide promotion of high quality literature and literacy for readers of all ages, which in itself has a high social value. We focus on integrity in all our activities, consider our impact on society and the environment and maintain high ethical standards. This is key to our commercial success and ability to deliver good returns to our shareholders, which depends on attracting and retaining talented authors who want us to publish them and customers who want to buy our products.

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 25 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. The Company continues to be included in the FTSE4good index.

Community

Bloomsbury has a direct impact on the community through its commercial activities. Our publishing teams share a common passion for promoting the enjoyment of reading and high quality literature that is often cutting edge and provides new authors with opportunities to establish themselves. We have a substantial Children's & 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

Incremental to our direct commercial activities and with a focus mainly on promoting literature, literacy and education, we actively support numerous organisations worldwide including schools, universities, libraries and other good causes and charities. The following examples illustrate the wide range of our support worldwide:

Corporate volunteering and educational development examples

- A Bloomsbury UK employee travelled to Nigeria to train 170 teachers on the importance of reading and how to set up an effective classroom library.
- Our India office in partnership with the Hope Foundation published 'Ten Steps To Good Health', a book on basic health and hygiene for children. The book is being promoted through the India state education system for distribution to school children. Our Australia office supported an Indigenous Literacy Foundation event.
- We provide work experience days for secondary school pupils and sponsor achievement prizes for students within US and UK universities. We invite students to visit us for presentations on working in publishing.
- We invited a student of fashion studies to review our existing measures as an academic visual arts publisher and to suggest improvements to cater for students with visual or learning disabilities, especially for those with dyslexia or dyspraxia, for our books and online resources.

Corporate donating examples

- Our UK, US and Australia offices donate, or provide at a nominal cost, a substantial quantity of books each year which includes donations of mainstream titles to schools and libraries. For example our US office has donated significant quantities of books to an organisation setting up libraries in Africa. Other book donations have been to good causes such as to Barnardos, Oxfam, Red Cross and smaller organisations local to the Bloomsbury office.
- The Bloomsbury Institute (the events function of Bloomsbury) has organised charitable fundraising events such as for Book Aid, with Bob Geldof and William Boyd as guest speakers, and for Womankind to celebrate International Women's Day, with Aminatta Forna as guest speaker.
- We are a sponsor and partner of World Book Day which was established by UNESCO to promote reading amongst children and adults. We made a minor financial contribution to support and attend at the Children's Choice Book Awards, run by a US-based charity promoting reading and literacy.

CORPORATE RESPONSIBILITY

We make a small number of targeted minor cash donations each year to not-for-profit organisations that support literature, literacy and education examples, of which in recent years have included donations to BookAid International, the Independent Publishers Guild and the Churchill Centre in support of our digitization of the Churchill Archive. In respect of the year we made a targeted cash donation of £5,000 to The Charleston Trust.

Support by employees of Bloomsbury

We encourage the spare time involvement of staff worldwide on supporting good causes and on the promotion of literature, literacy and education. These voluntary activities by employees are often directly or indirectly assisted by the business and by Bloomsbury colleagues. Examples of the many such activities recently undertaken are as follows:

Staff volunteering examples

- Our employees, both privately and through a Bloomsbury coordinator, are involved in formal volunteer reading schemes and regularly attend state schools and organise reading groups in libraries. These provide supervised reading support to young readers who are often from disadvantaged backgrounds where their opportunities to develop reading skills may be hindered. Bloomsbury employees also voluntarily attend schools and colleges to give talks on careers, such as in publishing and IT, with young people and assist with interview practice.
- In spare time, employees are unpaid public speakers at presentations, and they publish articles and host discussions on various publishing topics such as Open Access, how to write books and be published and careers in publishing. Our employees also support voluntary associations such as for editors promoting the publication of children's books.
- In one Bloomsbury office the employees take turns to volunteer each week at a local charity for homeless and vulnerably housed people.

Staff donating examples

- Bloomsbury employees often call on their colleagues for fundraising sponsorship such as with cake sales, dress down days, marathons and other employee inspired activities. Our offices put up teams to participate in events such as charitable races.

Many employees worldwide are involved in their local communities promoting literacy, literature and education such as sitting on committees or as governors of schools, and by supporting special interest groups.

Diversity

We have a diverse workforce and management team led by a diverse Board. The majority of senior managers and employees worldwide in the Group are women. As at 28 February 2014 the numbers of employees by each gender is:

	Female	Male
All employees of the Group[1]	365 (71%)	147 (29%)
Senior managers of the Group[2]	5	3
Directors of the Group parent company	2	5

[1] Excludes Non-Executive Directors and workers who are freelance consultants and temporary staff.

[2] Includes the heads of publishing divisions, Group functions and country heads who are not Executive Directors on the parent company Board. Excludes two female statutory directors of UK subsidiary companies who, through their role as a statutory director, do not contribute significantly to the Group.

The aim of the Board is that at least one third, or the nearest number to a third, of Directors on the Board should be women. The Board comprises two women out of a total of seven Directors so achieves the aim. The Board is progressively refreshed and new appointments are selected by the Nomination Committee using independent search consultants based on merit as the best candidate for the role.

Employees and human rights

We recognise that people are a key asset and employment policies are directed at creating a workplace that attracts, motivates, develops and retains high calibre employees.

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

The senior management team monitors joiners, leavers, head count, pay rates and other KPIs but the Group does not disclose all of these for commercial reasons that are in the interest of the shareholders.

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. The Bloomsbury Institute arranges regular events, which enable staff to meet socially. 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.
- ***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 the highest ethical standards at all times in respect of the relationships and dealings that Bloomsbury has with its customers, authors and agents, suppliers and other third parties. Bloomsbury has whistle-blower procedures, which it publishes at www.bloomsbury-ir.co.uk enabling employees to have their concerns confidentially addressed. It also 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 territorial Human Resources functions 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 each position.
- ***Employee participation:*** the Group 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 managers may also be eligible to participate in the Company's Long Term Incentive Plan.
- ***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. Should people become disabled during the course of their employment, the Group will seek to retain their services and to provide retraining where necessary.

CORPORATE RESPONSIBILITY

- *Human Rights:* Bloomsbury is committed to meeting its responsibility to respect human rights. The nature of the business puts it at low risk of contributing to adverse human rights impacts. The heads of human resources monitor for human rights issues and ensure any remedial action that would be needed is taken promptly. Bloomsbury is committed to complying with employment and other legislation applicable to the locations in which it employs people ensuring the human rights of individuals are protected.

Health and safety

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. At least annually the Board and senior team review H&S including risk assessments, developments and incident reports. The H&S team works closely with management and employees to ensure that the H&S policy is effectively communicated, implemented and maintained across the business. Managers of the worldwide sites are accountable for ensuring their areas of the business are in compliance with H&S policy.

The Group maintains H&S risk assessments and accident logs for all its locations worldwide (including where there is no local legal requirement to do so) and staff are encouraged to report all accidents or near misses. During the year there were no fatalities or serious injuries. Accidents reported have typically included infrequent bumps and scalds from hot drinks associated with the office environment.

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

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

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:

- *Online print:* we are increasingly moving to e-books and online products that have very little direct environmental impact and will save on using natural resources. Our strategy embraces digital publishing and the potential benefits this may bring to the environment.
- *Book printing:* we monitor the impact of our major suppliers and engage with them to reduce 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 and we select certified colour printers in Asia where we can.
- *Building and office facilities:* most of our employees travel to work by public transport and we support part-time and home-working. For most employees we have implemented separate recycling bins for different waste materials so that a significant proportion of our office waste is recycled. Our office policy is to turn off lights out of hours when not in use.

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

Environmental targets

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

Our direct operations are predominately office-based and have been independently assessed as having a low impact on the environment. The Group's consumption of natural resources, although relatively minor, is significantly impacted by ambient weather conditions beyond our control and by the buildings we lease. Over the most recent three years we have changed offices in London, New York, New Delhi and Sydney and reduced the number of buildings we occupy which has helped us to reduce our Scope 1 and Scope 2 impacts (see below).

Greenhouse gases

Our independent external advisor, Trucost, has calculated the tables below based on data we have provided.
We report on our waste production and greenhouse gas emissions in alignment with the 2006 Government Guidelines, *Environmental Key Performance Indicators, Reporting Guidelines for UK Businesses.* In respect of greenhouse gases we report consumption of natural gas, vehicle fuel and electricity in kWh, converted to CO_2-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.

The below tables are for the year ended 28 February.

Scope 1 Direct impacts

			Quantity				
Greenhouse Gases	Definition	Data Source and Calculation Methods	Absolute Tonnes CO2-e 2014	2013	Normalised Tonnes per £m Revenue 2014	2013	Target Tonnes per £m Revenue 2014
Building Operations	Emissions from natural gas and diesel consumption in utility boilers	Annual consumption in kWh collected from fuel bills, converted according to DEFRA Guidelines. Data scaled up by number of employees to estimate emissions for leased serviced offices where fuel usage data is not available.	23	55	0.21	0.56	0.61
Refrigerants	Emissions from refrigerant leakage	Refrigerant use provided only for the London office and not estimated for other sites as not considered applicable.	1	n/a	0.01	n/a	0.01
Company Cars	Emissions from petrol and diesel consumption	Annual consumption in litres calculated from fuel bills for offices with company cars. Converted according to DEFRA Guidelines. Previous year data was used for Australia.	46	37	0.42	0.38	0.40
Total Scope 1			70	92	0.64	0.94	1.02

CORPORATE RESPONSIBILITY

Scope 2 Supply chain impacts (purchased electricity)

Greenhouse Gases	Definition	Data Source and Calculation Methods	Quantity: Absolute Tonnes CO2-e 2014	Quantity: Absolute Tonnes CO2-e 2013	Quantity: Normalised Tonnes per £m Revenue 2014	Quantity: Normalised Tonnes per £m Revenue 2013	Target Tonnes per £m Revenue 2014
Electricity use	Directly purchased electricity, which generates Greenhouse Gases including CO_2-e emissions	Annual consumption of directly purchased electricity in kWh collected for the main London office and other offices where data is available. Data scaled up by number of employees to estimate emissions for operations in leased serviced offices where electricity usage data is not available. kWhs converted according to DEFRA and national emission factor values.	372	397	3.41	4.05	5.30

Waste

We report our waste disposal by method of disposal in metric tonnes per annum and normalised to revenue.

Waste	Definition	Data Source and Calculation Methods	Quantity: Absolute Tonnes CO2-e 2014	Absolute Tonnes CO2-e 2013	Normalised Tonnes per £m Revenue 2014	Normalised Tonnes per £m Revenue 2013	Target Tonnes per £m Revenue 2014
Landfill	General office waste (which includes a mixture of paper, card, wood, plastics and metals) sent to landfill sites	Annual quantity of waste generated in London offices, Oxford sites and India. UK disclosed data scaled up to estimate quantity for operations in the rest of the UK, the US and Australia.	65	81	0.6	0.82	0.75
Recycled	General office waste sent to recycling facilities	Volume of waste generated per annum as calculated by waste hauler from India, the London office and some UK sites. Data scaled to estimate volume for operations in the rest of the UK, Australia and the US.	47	55	0.43	0.56	0.55

BOARD OF DIRECTORS

The Directors and Officer serving during the year were as follows:

Executive Directors

Nigel Newton

Founder and Chief Executive

Nigel Newton was born and raised in San Francisco. He read English at Cambridge. After working at Macmillan Publishers, he joined Sidgwick & Jackson. He left Sidgwick in 1986 to start Bloomsbury. Bloomsbury floated on The London Stock Exchange in 1994 and has grown organically and through acquisitions and partnerships. Bloomsbury publishes about 2,000 books a year from its offices in the UK, the US, India and Australia.

Nigel Newton serves as Chairman of the British Library Trust, President of Book Aid International, Chairman of the Charleston Trust, Trustee of the Catholic Trust of England & Wales, member of the Man Booker Prize Advisory Committee, Trustee of the International Institute for Strategic Studies, past Chair of World Book Day (2006), past member of the Publishers Association Council, past Chairman of Selwyn College, Cambridge Alumni Association and Member of the Visiting Committees of Cambridge University Library and Qatar University Library.

Wendy Pallot

Finance Director

Wendy Pallot is a Chartered Accountant who qualified with Coopers & Lybrand. She was Group Finance Director for GCap Media Plc, the UK's leading commercial radio operator which was listed on the UK main market, from 2005 until its sale in 2008. She was Group Finance Director of GWR Group plc, a leading UK listed radio operator, from 2001 until its merger with Capital Radio plc in 2005 to form GCap Media Plc. Wendy Pallot is the chair and one of the co-founding directors 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 of Macmillan Publishers Limited and Executive Director of Verlagsgruppe Georg von Holtzbrinck. His other publishing interests include being Chairman of the International Advisory Board of Bloomsbury Qatar Foundation Journals in Doha, Non-Executive Director of the Institute of Physics Publishing, Visiting Professor at the University of the Arts London, Director of the Federation of European Publishers and Vice President of the International Publishers Association. He was President of the UK Publishers Association and a Non-Executive Director of Melbourne University Publishing. He studied Natural Sciences at Trinity College Cambridge, was a Supernumerary Fellow of Green College, Oxford; and attended the Advanced Management Program at the Harvard Business School.

Non-Executive Directors

Sir Anthony Salz

Non-Executive Chairman

Sir Anthony Salz joined the Bloomsbury Board as an Independent Non-Executive Director in August 2013 and was appointed as Chairman on joining. He is an Executive Vice Chairman of Rothschild and a director of NM Rothschild & Sons Limited. He joined Rothschild in 2006 after 30 years as a corporate lawyer with Freshfields, the last 10 years as the Senior Partner. He is Trustee of the Tate Foundation, the Royal Opera House, the Paul Hamlyn Foundation, the Scott Trust, Reprieve, Chair of the Trustees of the Eden Trust and a member of the Board of the Media Standards Trust.

Sir Anthony Salz is a former Vice Chairman of the BBC Board of Governors and between 2010 and 2012 was lead Non-Executive member of the Board of the Department for Education. He headed the Salz Review, an independent external review of the business practices of Barclays Plc, which reported in 2013. He chaired the Independent Commission on Youth Crime and Antisocial Behaviour in England and Wales, which reported in 2010 and was a member of Business in the Community's committees on Homelessness and on Education.

Ian Cormack

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

Ian Cormack joined the Bloomsbury Board in January 2011 and is the Senior Independent Director, the Chair of the Audit Committee and the member with recent and relevant financial experience. He has had a successful City career in leading international and UK roles at AIG, Citigroup and Citibank, where he spent over 30 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 and has been an Independent Non-Executive Director of the Boards of Aspen Insurance Holdings (Bermuda), the Qatar Financial Centre Authority and Arria NLG. He is currently Chairman of Maven Income & Company VCT4 Plc and of Temporis Capital LLP and Senior Independent Director for the Partnership Assurance Group Plc, for the London Main Market listed Phoenix Group Holdings and for Xchanging Plc. He is an independent director of several other organisations including National Angels Ltd. Ian Cormack has also been an active member of the Development Council for the National Theatre and the Campaign Committee of Pembroke College, Oxford.

BOARD OF DIRECTORS

Jill Jones

Independent Non-Executive Director
Chair of the Remuneration Committee

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

Stephen Page

Independent Non-Executive Director

Stephen Page joined the Bloomsbury Board in August 2013. He is the Chief Executive of Faber and Faber, a digitally innovative independent trade publisher of poetry, drama, children's books and other fiction and non-fiction literature. Stephen joined Faber and Faber in 2001 from Harper Collins Publishers where he was Sales and Marketing Director. He is a Council Member and former president of The Publishers Association and he is a Board member of Creative Skillset, the licensed Sector Skills Council supporting skills development and training in the UK for the entertainment media, publishing, advertising and other creative industries. Stephen Page was named in 2012 as the most inspiring digital publishing person at the FutureBook Innovation Awards.

Board Officer

Group Company Secretary

Michael Daykin

Michael Daykin is a graduate Chartered Company Secretary (FCIS, Fellow of the ICSA) and Chartered Accountant (FCA, Fellow of the ICAEW) and joined Bloomsbury in February 2011. He has held Group Company Secretary and senior roles in a number of UK Main Market listed companies.

Membership of Board Committees

Committee	Members		Date appointed	Date resigned
Board	Sir Anthony Salz	Chairman of the Board	29 August 2013	–
	Jeremy Wilson	Chairman of the Board	24 November 2005	29 August 2013
	Nigel Newton	Chief Executive	31 January 1986	–
	Richard Charkin	Executive Director	1 October 2007	–
	Wendy Pallot	Finance Director	8 April 2011	–
	Ian Cormack	Senior Independent Director	1 January 2011	–
	Jill Jones	Independent Non-Executive Director	23 July 2013	–
	Stephen Page	Independent Non-Executive Director	20 August 2013	–
	Sarah Jane Thomson	Independent Non-Executive Director	28 May 2010	11 July 2013
Audit Committee	Ian Cormack	Chair of the Committee	1 January 2011	–
	Jill Jones		23 July 2013	–
	Stephen Page		20 August 2013	–
	Sarah Jane Thomson		28 May 2010	11 July 2013
Remuneration Committee	Jill Jones	Chair of the Committee	23 July 2013	–
	Sarah Jane Thomson	Chair of the Committee	28 May 2010	11 July 2013
	Ian Cormack		1 January 2011	–
	Sir Anthony Salz		29 August 2013	–
	Jeremy Wilson		24 November 2005	29 August 2013
Nomination Committee	Nigel Newton	Chair of the Committee	20 September 2004	–
	Ian Cormack		1 January 2011	–
	Jill Jones		23 July 2013	–
	Stephen Page		20 August 2013	–
	Sir Anthony Salz		29 August 2013	–
	Jeremy Wilson		24 November 2005	29 August 2013
	Sarah Jane Thomson		28 May 2010	11 July 2013

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for Bloomsbury Publishing Plc and its subsidiary companies (the 'Group') for the year ended 28 February 2014. Bloomsbury Publishing Plc is a company incorporated in England and Wales, company number 01984336, with its principal place of business and registered office at 50 Bedford Square, London WC1B 3DP. Bloomsbury Publishing Plc is a company listed on the Main Market of the London Stock Exchange subject to the Listing Rules and Disclosure and Transparency Rules of the Financial Conduct Authority.

Strategic Report

In accordance with the Companies Act, the Strategic Report on pages 1 to 45 provides a fair review of the Company's business and a description of the principal risks and uncertainties facing the Company. It contains information on the Company's performance, business model and strategy. A summary of the Group's corporate responsibility activities is contained in the Corporate Responsibility section on pages 39 to 45.

Corporate Governance

The Group's report relating to the UK Corporate Governance Code disclosures is contained on pages 54 to 64.

Overseas activities

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

Results

The Key Performance Indicators for the Group include profit before tax and highlighted items, revenue and profit before tax which are set out in the Financial Review on pages 28 to 34. Profit after tax for the Group's continuing and discontinued operations for the year was £7.7 million (2012/13: £7.5 million).

The Directors recommend a final dividend of 4.84p (2012/13: 4.56p) per share payable on 24 September 2014 to shareholders on the register at the close of business on 29 August 2014. The dividends paid and proposed by the Company for the year ended 28 February 2014 and year ended 28 February 2013 are as follows:

Dividend	Dividend per share	Total dividend	Record date	Paid/payable date
2014 Final (proposed)	4.84p	£3.5m	29 August 2014	24 September 2014
2014 Interim	0.98p	£0.7m	1 November 2013	29 November 2013
Total	5.82p	£4.2m		
2013 Final	4.56p	£3.3m	30 August 2013	24 September 2013
2013 Interim	0.94p	£0.7m	2 November 2012	30 November 2012
Total	5.50p	£4.0m		

Directors

The names of the Directors as at the date of this report, together with biographical details, are set out on pages 46 and 47, which forms part of the Directors' Report. The Directors serving on the Board of the Company during the year were as follows:

	Date appointed	Date resigned
Executive Directors		
Nigel Newton	–	–
Richard Charkin	–	–
Wendy Pallot	–	–
Chairman and Independent Non-Executive Directors		
Sir Anthony Salz	29 August 2013	–
Jeremy Wilson	–	29 August 2013
Ian Cormack	–	–
Jill Jones	23 July 2013	–
Stephen Page	20 August 2013	–
Sarah Jane Thomson	–	11 July 2013

Details of Directors' service contracts and Directors' interests in shares, awards and options are shown in the Directors' Remuneration Report on pages 65 to 81. 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 year, in any material contract or arrangement with the Company or any subsidiary undertaking. The terms of termination of the Directors' contracts are described in the Directors' Remuneration Report set out in pages 65 to 81 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 would make payments in respect of a change of control of the Company.

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 new Directors appointed by the Board must offer themselves for election at the next Annual General Meeting. Accordingly, Sir Anthony Salz, Jill Jones and Stephen Page shall retire at the forthcoming Annual General Meeting ('AGM'). All three being eligible offer themselves for election.

The Articles require that 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 proceeding AGMs must retire by rotation. Accordingly, Nigel Newton, Ian Cormack and Richard Charkin shall retire at the forthcoming Annual General Meeting. Each Director being eligible offers themselves for re-election.

The Chairman, and the Senior Independent Director in respect of the Chairman, on behalf of the Board confirms that each of the Directors proposed for election and re-election at the Annual General Meeting continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for Board and committee meetings and any other duties).

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

DIRECTORS' REPORT

Directors' conflicts of interest

Procedures are in place to ensure compliance with the Directors' conflict of interest duties set out in the Companies Act 2006. These procedures have been complied with during the year and the Board considers that these procedures operate effectively. During the year, details of any new potential conflict matters were submitted to the Board for consideration and, where appropriate, these were approved. Authorised conflicts or potential conflict matters will be reviewed by the Board on an annual basis.

Charitable and political donations

The Group made charitable donations of £6,200 in respect of the year (2013: Nil). Details of the non-cash support given by the charitable and voluntary activities of the Company are as set out in the Corporate Responsibility section on pages 39 to 45.

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

Financial instruments

Details of financial risk management are given in note 23.

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 24,614,880 Ordinary Shares that the Directors are authorised to issue. Details of the issued share capital of the Company can be found in note 20 together with details of the shares issued and cancelled during the year.

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 a 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 Conduct 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 Conduct Authority whereby certain employees and Directors of the Group require approval of the Company to deal in the Company's shares.

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

Share dilution

The Company adheres to "ABI Principles of Remuneration" issued in November 2013 by the association of British insurers in respect of dilution limits. In particular:

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

- Commitments to issue new shares or re-issue treasury shares under executive (discretionary) schemes do not exceed 5% of the issued Ordinary Share capital of the Company (adjusted for share issuance and cancellation) in any rolling 10 year period. The implicit dilution commitment is provided for at point of grant even where, as in the case of share-settled share appreciation rights, it is recognised that only a proportion of shares may in practice be used.

As set out below in this report, the Bloomsbury Employee Benefit Trust purchases shares in the market to be used for satisfying LTIP awards and other employee share options that vest.

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

Notice of the 2014 Annual General Meeting and explanatory foreword to the meeting on pages 149 to 165 form part of the Directors' Report and set out:

- an ordinary resolution renewing the authority for the Directors to allot shares under section 551 of the Companies Act;
- 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; and
- a special resolution renewing the authority given to the Directors to purchase the Company's own shares on the stock market.

Employee Benefit Trust

Throughout the financial year Ogier Employee Benefit Trustee Limited ('Trustee') acted as the trustee of the Bloomsbury Employee Benefit Trust ('EBT'). As at 28 February 2014 the EBT held 898,244 Ordinary Shares of 1.25 pence in the Company being approximately 1.2% of the issued Ordinary Share capital. The EBT did not make any purchases of shares in the Company between 28 February 2014 and the signing of this report. The Trustee may vote on shares held by the EBT at its discretion, but waives its right to a dividend.

Share purchases of own shares

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

Substantial shareholdings

As at the date of signing of this report, substantial shareholdings of 3% or more of the shares in the Company notified to the Company prior to signing of this report or per the share register analysed as at 31 May 2014 (being the latest practical dates) are set out below:

	Ordinary Shares number	% issued shares[1]
Managed funds		
Liontrust Asset Management	9,475,411	12.8%
Aberdeen Asset Management	6,314,338	8.6 %
Standard Life Investments	5,900,635	8.0%
BlackRock	4,783,714	6.5 %
Charles Stanley, stockbrokers	4,570,090	6.2 %
Schroder Investment Management	4,171,760	5.6 %
Miton Capital Partners	3,997,165	5.4 %
Legal & General Investment Management	2,622,285	3.6 %

1. Based on 73,844,724 issued shares

DIRECTORS' REPORT

Changes of control

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

The Company's share incentive schemes contain provisions relating to a change of control of the Company following a takeover bid (see note 21 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.

Future developments

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

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 at least until June 2015, being the period of the detailed going concern assessment reviewed by the Board. 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 note 2c of the significant accounting policies on page 91.

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 35 to 38. 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.

Auditor

a) Reappointment of the Auditor

A resolution to reappoint KPMG 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.

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

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

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent Company financial statements on the same basis.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

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

Annual General Meeting

The notice of the 2014 Annual General Meeting of Bloomsbury Publishing Plc is set out in pages 154 to 165. An explanation of the resolutions to be put to shareholders at the Annual General Meeting on 22 July 2014 is set out on pages 149 to 153 which forms part of this Directors' Report.

Safe Harbour

Under the Companies Act 2006, a safe harbour limits the liability of Directors in respect of statements in and omissions from the Strategic Report and the Directors' Report. Pages 1 to 165 of the Annual Report are included within the Directors' Report by reference and so are included within the safe harbour.

The Strategic Report and Directors' Report were approved by the Board on 11 June 2014.

By order of the Board

Michael Daykin
Group Company Secretary
11 June 2014

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 Annual Report and financial statements include 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.

By order of the Board

Wendy Pallot
Finance Director
11 June 2014

CORPORATE GOVERNANCE

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

The Company's compliance throughout the year with the main principles of The UK Corporate Governance Code edition dated September 2012 (the 'Code') in addition to the Listing Rules of the Financial Conduct Authority is set out below. The UK Corporate Governance Code is published on the Financial Reporting Council's website (www.frc.org.uk). The Financial Conduct Authority has yet to change the Listing Rules and therefore requires that certain compliance statements are made in relation to the predecessor edition of the Code, namely The UK Corporate Governance Code edition dated June 2010. The Company confirms that it has complied throughout the year to 28 February 2014 with the provisions of both editions of the Code (the 'Codes') except as noted below.

Confirmation of compliance with the Codes

The Board confirms that it has applied the principles and complied fully with all provisions of the Codes in respect of the year ended 28 February 2014 except for the following provision:

- B.2.1 requires that the Chairman of the Board or an Independent Non-Executive Director should chair the Nomination Committee. The Committee comprises three Independent Non-Executive Directors, the Independent Non-Executive Chairman of the Board, and the Chief Executive who continues to chair the Committee. The Board considers that provision B.2.1 is complied with fully in all other respects.

The Board has reviewed the structure of the Committee and concludes the Committee continues to ensure that the best interests of the shareholders are served. The Board considers that the Main Principle and Supporting Principles of B.2 are applied effectively.

The Company has a balanced Board that is progressively refreshed. Leading external recruitment consultants are appointed for the selection of new Directors and advise on the recruitment. Directors are appointed to the Board objectively on merit from diverse backgrounds and approximately one third of the Board are women. Performance appraisals of each Independent Non-Executive and Executive Director are conducted by the Chairman (the assessment of the Chairman is led by the Senior Independent Director) as part of the Board's rigorous annual evaluation process which assesses the skills and experience of the Board against the needs of the business.

During the year the Committee reviewed the structure and composition of the Board and how the Board can best support the business with achieving the Board's strategy. As a result, the Board has been increased to seven Directors by the appointment on 20 August 2013 of Stephen Page, an additional Independent Non-Executive Director. This brings the Board to three Independent Non-Executive Directors, the Independent Chairman of the Board and three Executive Directors. Stephen Page has been appointed to the Audit Committee and to the Nomination Committee, which increases the numbers of Independent Non-Executive Directors on each of these committees from two to three. The composition of the Board and Board committees described below apply to the situation following the appointment of Stephen Page on 20 August 2013.

Board and the Directors

Board effectiveness

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

The Board comprises the Independent Non-Executive Chairman, Senior Independent Director, a further two Independent Non-Executive Directors, the Chief Executive, the Finance Director and a further Executive Director. The biographies of the Directors appear on pages 46 and 47.

During the year the Board met 14 times including six main meetings, two meetings to approve the Interim Management Statements and six meetings to consider specific matters such as the recommendations of Board committees mainly for the appointment of new Directors and the change of External Auditor. Board meetings included reviewing the Company's strategic direction, operating and financial performance and overseeing that the Company is adequately resourced and effectively controlled.

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

The Board has approved the matters specifically reserved for consideration by the Board. The Board determines the responsibilities and authority of its committees, Board 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 year have typically included:

- review and setting of strategy for the Company's operations;
- review of the management accounts, short and long-term forecasts, key performance indicators and full year forecasts;
- approval of the annual and interim results and Interim Management Statements;
- review and approval of the annual budget;
- 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 chairs of Board committees and minutes following committee and sub-committee meetings;
- review and approval of decisions, transactions and sensitive policies that are significant to the Company such as dividends, the organisational, legal and capital structure of the Company, acquisitions of literary titles, businesses and companies and major contracts;
- risk management and review of the risks of the Company; and
- evaluation of the effectiveness of the Board including the appropriateness of the terms of reference of Board committees.

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 committees have access to the advice and services of the Group Company Secretary, who is responsible for ensuring that Board procedures are followed and for 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 regular meetings during the year with the Non-Executive Directors without the Executive Directors present to discuss relevant matters.

Policy on Board diversity

More information on diversity is found in the report on Corporate Social Responsibility on pages 39 to 45.

The majority of the senior management team, which includes the Executive Directors and senior managers, are women. The Board has set a target that a minimum of one third of Directors (to the nearest number of Directors) should be women. The Board comprises seven Directors, of which two are women, which is ahead of the minimum 25% target representation level to be achieved by 2015 as recommended by the Davies Review.

The policy of the Board is that all Directors should be appointed purely on merit regardless of their gender or background.

Director independence

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

CORPORATE GOVERNANCE

Board and committee attendance

The table below shows the attendance at main Board and committee meetings during the year ended 28 February 2014. Further meetings in addition to the figures included in the table below were convened during the year for sub-committees of Directors delegated by the Board to consider specific matters.

	Date appointed during the year	Date resigned during the year	Board	Remuneration	Audit	Nomination
Total number of meetings during the year			14	7	4	5
Executive Directors						
Nigel Newton (Chief Executive)	–	–	14	4*	4*	5
Richard Charkin	–	–	13	–	3*	3*
Wendy Pallot	–	–	14	4*	4*	3*
Non-Executive Directors						
Jeremy Wilson (Chairman of the Board)	–	29 August 2013	10	1	1*	4
Sir Anthony Salz (Chairman of the Board)	29 August 2013	–	4	6	2*	1
Ian Cormack	–	–	14	7	4	4
Sarah Jane Thomson	–	11 July 2013	3	1	1	–
Jill Jones	23 July 2013	–	5	6	3	1
Stephen Page	20 August 2013	–	5	–	3	1

* Not a member of the Board committee. Attended committee meetings as a guest of the chair of the Committee. Directors who were appointed or resigned during the year attended all applicable meetings.

Board evaluation

The Board conducts a formal evaluation annually that considers the balance of skills, experience, independence and knowledge of the Board, its diversity including gender, how the Board works together as a unit and other factors relevant to its effectiveness. The evaluation reviews the progress made by the Board with developing strategy and with the underlying processes supporting the effective operation of the Board including the quality of information it receives.

The evaluation of the Board and of each individual Director is through:

- one-to-one interviews, using evaluation questionnaires to facilitate discussion, of Directors with the Chairman to appraise the performance of the Director on the Board and to discuss any improvements needed to the Board processes;
- the chair of each Board committee leads the evaluation of their committee;
- the Chief Executive conducts additional management appraisals of the Executive Directors and the senior management team;
- the Board discusses the findings and recommendations for improvement actions in respect of evaluations of the Board, each Director, the Board committees and the processes supporting the Board; and
- the Chairman may hold further one-to-one interviews with Directors to follow up issues and actions if applicable.

The performance appraisal of the Chairman is led by the Senior Independent Director. The appraisal is undertaken using assessment questionnaires and a one-to-one interview of the Chairman with the Senior Independent Director who takes account of the confidential views of the other Directors.

Upon completing the interviews, the Chairman and Senior Independent Director make formal reports to the Board on the findings with recommendations for actions to be implemented by the Board, by individual Directors, by the Group Company Secretary and by senior management in the business. 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. The Board monitors progress in implementing the actions.

Board committees are evaluated annually against the terms of reference for the committee and against adherence to relevant regulation such as the Code. The committees approve the evaluations and make recommendations to the Board on any changes needed to the Board processes and terms of reference.

The conclusions of the Board evaluations are considered by the Nomination Committee when reviewing the structure and composition of the Board and succession planning. As a result of the review of performance, the Chairman on behalf of the Board confirms that each of the Directors proposed for re-election at the AGM continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for Board and committee meetings and any other duties).

Training and development of the Directors

The Board evaluation including Director appraisals by the Chairman considers whether each Director has 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 the business.

Directors are provided with extensive Director knowledge checklists to help them self-assess their personal learning needs and they have access to numerous relevant publications by Bloomsbury. Formal training is provided to the Board by the External Auditor and external remuneration consultants who assign time in meetings to provide updates on and to explain topical areas of corporate governance, remuneration, auditing and financial reporting.

The Board is progressively refreshed, bringing in new skills and experience to the pool of knoweldge on the Board from which each Director on the Board can learn.

Nomination Committee

The Committee comprises three Independent Non-Executive Directors, the Independent Chairman of the Board, and the Chief Executive, Nigel Newton, who chairs the Committee. The Committee met five times during the year.

The Committee operates under terms of reference agreed by the whole Board, and which are available on the Company's website www.bloomsbury-ir.co.uk. Its role is to review the composition of the Board, consider succession planning and nominate to the Board, for approval, candidates to fill Board vacancies. The Committee determines the Directors who should stand for re-election at the AGM in accordance with the Articles of Association of the Company. The Board formally approves the appointment of all new Directors on the recommendation of the Committee.

Appointment of new Directors

The Board adopts a formal and rigorous approach to the appointment of Directors. The following outlines the Board appointment process typical to that followed:

- the need to appoint a new Director is identified by an existing Board member retiring or by a review by the Committee of the Board's structure, balance, succession planning and the need for progressive refreshing which may take account of the findings of the Board's evaluation of the skills and capabilities of Board members;
- the Committee considers the strengths and weaknesses of the Board and the senior management team and the needs of the business in order to define the experience and capabilities required for a new appointment;
- the Committee determines the recruitment process;
- an independent external recruitment consultant is appointed and briefed on the requirements for a role to be filled. The external consultant filters a long list of the highest calibre candidates meeting the criteria from a wide range of sources and conducts background research to discover any issues with candidates. Further filtering by the external consultant may include discussing candidates with people who know of them and meeting candidates to assess them;
- the external consultant recommends the long list of candidates to the Committee. One or two Directors supported by the external consultant will interview the candidates and formulate a shortlist to recommend to the Committee. References are taken;

CORPORATE GOVERNANCE

- the Committee, sitting together supported by the external consultant, interviews the shortlisted candidates. The Executive Directors will also meet with shortlisted candidates or join the interviews and provide feedback to the Committee;
- the Committee may recommend a candidate for an appointment or may request that further candidates are found; and
- the Board approves appointments recommended by the Committee.

During the year The Willis Partnership was engaged as independent executive search consultants to support with the appointment of Jill Jones, Stephen Page and Sir Anthony Salz. The Willis Partnership has no other connection with the Company.

The Group Company Secretary ensures that new Directors receive a full, formal and tailored induction on joining the Board. Newly appointed Directors are provided with induction packs and one-to-one meetings are arranged for them with the senior management team. Directors are provided with a detailed knowledge self-assessment questionnaire to help them consider any further training needs they may have.

The significant shareholders are invited to contact or meet with a new Chairman. Any request by a shareholder to meet with a new Director would be considered. Investors will typically get the opportunity to meet with new Directors at presentations and meetings from the announcements of the results.

Re-election of Directors

All Directors are subject to reappointment by the shareholders at the first Annual General Meeting after their appointment and thereafter at intervals of no more than three years.

Non-Executive Directors are appointed for periods of three years upon the end of which their appointment terminates subject to their reappointment by recommendation of the Nominations Committee approved by the Board. A policy is followed of progressive refreshing of the Board and the Independent Non-Executive Directors can be expected to retire from the Board at the end of their first, second or during their third three year period.

The notice periods by the Company of the Directors are set out in the Directors' Remuneration Report on pages 65 to 81.

Remuneration Committee

The Remuneration Committee comprises two Independent Non-Executive Directors and the Independent Chairman of the Board and is chaired by Jill Jones. The Committee met seven times during the year. The role of the Committee is set out in the Directors' Remuneration Report on pages 65 to 81.

Audit Committee

Financial and business reporting

In accordance with principle C.1, provision C.1.1 and provision C.3.4 of the Code, the Board confirms that, in the opinion of the Board and the Committee, the Annual Report including the financial statements on pages 86 to 146, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

In accordance with Code provision C.1.2, the Strategic Report on pages 1 to 45 provides an explanation of the basis on which the Company generates and preserves value over the longer term (the business model) and the strategy for delivering the objectives of the Company.

The Directors' Report on page 52 confirms that the business is a going concern in accordance with Code provision C.1.3.

Risk management and internal control

In accordance with principle C.2 and provision C.2.1 of the Code, the Committee has conducted a review of the effectiveness of the Company's risk management and internal control systems. The Committee 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.

Operation of the Audit Committee

The Committee comprises three Independent Non-Executive Directors. The chair of the Committee is Ian Cormack. The Committee met on four occasions during the year. The Board is satisfied that the experience of Ian Cormack is sufficient for him to meet the experience and qualification requirements to be a member of the Audit Committee with recent and relevant financial experience under the Code and the UK Listing Authority Listing Rules.

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

- review of significant financial information, including assumptions, judgements of management and critical accounting policies, to be published externally;
- oversight of the relationship and process with the External Auditor;

- reviewing the effectiveness of the Company's systems of internal control and risk management;
- reviewing the effectiveness of the Company's internal audit function; and
- recommending to the Board changes to the Committee's terms of reference.

The Audit Committee has primary responsibility for making a recommendation on the appointment, reappointment and removal of the External Auditor.

The Committee typically invites the External Auditor, Internal Auditor, Chairman of the Board, Chief Executive, Finance Director and Executive Director to attend meetings. It meets at least once in respect of each reporting period and a standard item on the agenda for every meeting is a meeting with the External Auditor alone without management present.

The Committee's annual evaluation, which forms part of the Board evaluation, reviews how the Committee has discharged its responsibilities. The findings of the evaluation and recommendations arising are reported to the Board.

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. 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.

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 in light of the system of risk management and has appropriate standing within the Company. The Committee approves the appointment and removal of the Head of Internal Audit who for the financial year up to the time of signing the Annual Report was the Company Secretary.

As a standing item, each Committee meeting agenda includes a discussion with the External Auditor without management present which provides the opportunity for the Committee and External Auditor to raise any concerns that they may have.

Significant issues in relation to the financial statements

In accordance with Code Provision C.3.8, the following are the issues that the Committee considers significant in relation to the financial statements and how these issues are addressed.

For each item below the Committee has reviewed the assumptions and judgements made and has considered the risks to the integrity of information reported in the financial statements. In accordance with the Code the Committee has taken account of the disclosure of the issues when forming an opinion on the fair, balanced and understandable view of the Annual Report.

1. Inventories provision

The level of inventories is set out in note 16 on page 117.

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

The estimated selling price for each inventory line is a judgement based mainly on recent selling patterns for a title. A formulaic provision is applied to each inventory line where titles have been published for more than one year. The Committee considered the judgements applied to estimating the selling prices of inventory to ensure that the total level of provision for all inventory is adequate.

2. Sales returns provision

The level of sales return provision is set out in note 17 on page 118.

Printed books are normally sold on a sale-or-return basis. The timing of returns of unsold books is uncertain. A provision is made against sales for the expected future returns of books that have not occurred by the end of an accounting period. This provision is a judgement based on the assumption of the time lag following a sale before a return is made and the calculation of the historical returns rate.

The Committee considered the judgements made in estimating the key assumptions to ensure that the sales return provision is adequate.

CORPORATE GOVERNANCE

3. Revenue recognition

Included within rights and services revenues are licences and selling rights over Bloomsbury's intellectual property to third parties, as stated in note 3 to the financial statements. These include bundled online rights, which consist of a small number of large sized deals. The revenue recognised in any one period mainly reflects the value of contracted performance obligations satisfied in that period. The revenue recognition treatment for more complex deals is reviewed by the External Auditor as soon as they are contracted.

The Committee considered the judgements applied to the most significant bundled online rights contracts to ensure that the revenue recognition treatment was adequate.

4. Valuation of goodwill on acquisition of companies

The carrying value of goodwill arising on the acquisition of companies (or group of companies) by the Group is set out in note 12 on page 112.

Goodwill is carried at cost less accumulated impairment losses. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units ('CGUs') that is expected to benefit from the synergies of the combination. If the recoverable amount of a CGU is less than its carrying value, an impairment charge reduces goodwill and is recognised in the Income Statement. There is more detail on this process in note 2j to these financial statements. The recoverable amount is based on future cash flow projections based on a Board approved budget and the five year plan.

During the year the Board changed the definition of the CGUs so that each global publishing division constitutes a CGU, reflecting the One Global Bloomsbury business restructure.

The Committee considered the judgements and assumptions made in selecting CGUs and performing the impairment tests for each CGU, to ensure that the carrying value for goodwill was adequately supported. In particular, the Committee reviewed the annual budget and five year plan for the Group as approved by the Board which is used as the basis for forecasting future cash flows from the CGUs.

5. Unearned advance provision

Prepayments and accrued income in the Group Statement of Financial Position, in note 17 on page 117, include net unearned author advances of £20.8 million (2013: £21.0 million).

A provision is made against gross advances (paid and payable) to the extent that they are not expected to be fully earned from anticipated future sales of a title. This provision is a judgement that depends on recent royalty earnings and known future new format releases.

The Committee considered the assumptions made for a sample of contracts to ensure that the net carrying value of advances was adequately supported.

Non-audit services

The Committee has approved a formal policy on the provision of non-audit services to safeguard the independence and objectivity of the External Auditor and reviews the level of non-audit fees relative to audit fees. The policy prohibits the External Auditor from being engaged on work where their independence could be threatened and requires the pre-approval by the Committee of all non-audit services where the fees of the External Auditor would exceed £5,000. Further safeguards are employed such as audit and non-audit work being performed by different teams from the External Auditor.

Approach to the appointment of the External Auditor.

The 2013 Annual Report (for the year ended 28 February 2013) notes that the Committee anticipated tendering the appointment of the External Auditor following the 2013 AGM. This tender has been completed and, on the recommendation of the Committee, the Board has appointed KPMG LLP as External Auditor for the Group and for the Company.

Reasons for tendering

Code provision C.3.7 requires FTSE 350 companies to put the external audit contract out to tender at least every 10 years. Whilst Bloomsbury is below the FTSE 350 the Committee considers it appropriate that provision C.3.7 should apply. This adopts best practice including the Financial Reporting Council's Guidance on Audit Committees published September 2012. The incumbent External Auditor prior to the tender, Baker Tilly UK Audit LLP, was contracted for more than 10 years without tender since having first been approved by the shareholders at the 2002 AGM on 27 June 2002.

Conduct of the tender

The tender was conducted as follows:

- the Committee considered the reasons for tendering and approved putting the external audit out to tender;
- the tender process was run by the Finance Director overseen by the Committee;
- a long list of eight firms was selected including the Big Four and medium sized firms;
- based on the resources, infrastructure, geographical coverage, expertise in the fields of Bloomsbury's business and general knowledge of each firm a shortlist of three firms was proposed by the Finance Director and approved by the Committee. This included Baker Tilly, KPMG and Grant Thornton;
- the shortlisted firms agreed to the tender and provided responses to detailed Request For Information (RFIs). The firms were given wide access to the information of the business and its employees. Interviews with Board members and key staff were held as requested by the firms;
- during July and August 2013 the Committee sitting together interviewed each firm and considered proposal documents submitted by each firm supplemented by information gathered by Bloomsbury. The Committee evaluated each firm against criteria agreed by the Committee; and
- Based on the evaluations, the Committee recommended KPMG be appointed as the External Auditor. The Board approved the recommendation.

Committee's criteria for evaluating the firms

The Committee evaluated the firms shortlisted for the appointment as External Auditor against the following criteria:

- understanding of Bloomsbury's business and level of publishing industry experience;
- audit staff and the firm;
- relationships;
- organisational and cultural fit;
- commitment and conflicts;
- audit approach;
- pro-activity, ideas and strategies;
- access to other specialists;
- fee; and
- value the firm contributes e.g. the level of assurance provided.

Recommendation of appointment of External Auditor

Whilst KPMG, Baker Tilly and Grant Thornton each have strengths, the Audit Committee believes that KPMG best meets the criteria and, in particular, would provide a fresh pair of eyes to the benefit of the Company and its shareholders.

Review of the audit process post the appointment of KPMG

The Committee has reviewed and assessed the effectiveness of the audit process. The Committee is satisfied that KPMG has performed an effective audit and that the assurance provided by the external audit has not been significantly impacted by the transition of the External Auditors. The annual evaluation of the Board reviewed the effectiveness of how the external audit process integrated with the business processes for the Group.

CORPORATE GOVERNANCE

Relations with shareholders

The Board, led by the Chairman, is responsible for ensuring an open dialogue with shareholders based on the mutual understanding of objectives.

The Annual Report, Interim Report, Interim Management Statements, AGM, market updates and post results announcement presentations are the principal means through which the Company communicates its strategy and performance to shareholders. All shareholders are welcome to attend the AGM and investors are encouraged to take advantage of the opportunity given to ask questions. The chairs 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 and Non-Executive Directors. 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. Feedback from shareholders and other members of the shareholder corporate governance community is used to help review and develop Bloomsbury's procedures.

The Chairman writes to the major shareholders each year to provide shareholders with the opportunity to openly discuss corporate governance matters, including remuneration, and raise any concerns. Following the meetings the Chairman reports to the Board on the discussions held including any feedback from the shareholders. The Chairman has met with one shareholder on corporate governance in respect of the year.

Internal control and risk management

The Code requires the Directors to assess at least annually the effectiveness of the Group's systems of internal control, which include financial, operational and compliance controls, and 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 on-going process for identifying, evaluating and managing the significant risks faced by the Company in accordance with the guidance of the Turnbull Committee on internal control. This process has been in place for the year under review and up to the date of approval of this Annual Report. The process is regularly reviewed by the Audit Committee on behalf of the Board to ensure that the procedures implemented continue to be effective and, where appropriate, recommendations are made to management to improve the procedures. The Company's system of internal financial control aims to safeguard the Company'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.

Internal control and risk management framework

The preparation of the consolidated financial statements of the Company is the responsibility of the Finance Director and is overseen by the Audit Committee 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 Company's system of internal controls and risk management in relation to the financial reporting process and preparation of the Group financial statements include:

- ***Organisational culture:*** The Company has a highly skilled, professional and committed workforce. The Board is committed to developing a culture of openness, integrity, competence and responsibility. The Board concentrates mainly on strategic and significant organisational issues, approving objectives and monitoring, at a high level, the financial and operational performance against objectives.
- ***Risk and control review:*** The Executive Committee (which comprises the senior management team and Executive Directors) maintains the matrix of Group level risks and control assessments for each risk. This is supported by the Internal Auditor and by formal risk reviews by the Executive Committee. The head of each Group function maintains the matrix of risks and control assessments for their function. This ensures that risks and control issues from around the Group worldwide are reported openly to the senior management team and addressed. The Board has regularly reviewed the significant Group and functional risks to ensure appropriate action is taken to address the risks. The Audit Committee has reviewed the financial risks and issues that could impact on reporting when considering the financial statements.
- ***Financial internal control and risk review:*** The Finance Director formally reviews the internal financial controls taking account of the risks within the financial information systems and reports the findings of this review to the Audit Committee. Analytical review of operating results and detailed control questionnaires completed for the publishing divisions and overseas offices supplement management's knowledge of the business for the evaluation of the risks and assessment of the internal financial controls. The Audit Committee also receives reports on the internal controls and risks provided by the Internal Auditor. The Audit Committee receives other reports from management relevant to the internal financial controls such as reports on the progress of key projects.
- ***Authority levels:*** The Board sets the level of authority required, before Board approval is needed, to commit the Company or to undertake transactions. It also approves budgets and other performance targets. The publishing divisions and Group functions operate within these authority levels and budgets. The Executive Directors determine the authority to be delegated to individual managers.
- ***Financial management reporting:*** The Board approves the annual Group budget. Sales are reported daily, weekly and monthly. Financial results of the business operations are reported monthly and compared to budget and forecasts. Detailed forecasts for the Company are updated regularly and reviewed by the Board.
- ***Book title acquisition procedures:*** Established procedures, such as the review and approval by an Executive Director of acquisition proposals of rights to new books, are operated within set authority limits and used for transactions in the ordinary course of business. Acquisitions exceeding delegated authority limits require approval by the Board. Significant acquisitions of companies and businesses are approved by the Board. The Board has set authorised limits for the total author advances held on the Statement of Financial Position as a percentage of net assets and for the total value of committed but unpaid advances.

CORPORATE GOVERNANCE

- *Accountability:* The Company has clearly defined lines of responsibility headed by the Chief Executive and Executive Committee to control the publishing divisions and business functions. Detailed operational and financial performance data are monitored by supervisory management to ensure the performance of operations is in line with targets. The reasons for variances and underperformance are established by supervisory line management and followed up with managers and staff.
- *Overseas offices:* Each overseas office has a local manager or managing director who is responsible for operational effectiveness and local internal controls. Accounting for the Group is centralised and overseas subsidiaries hold limited cash balances. Senior managers and Executive Directors regularly visit the overseas offices and the finance function conducts operational review visits to review the procedures. The Board has implemented a Group whistle-blower policy and an anti-bribery and corruption policy which are communicated to all staff worldwide and found on the Company's website at www.bloomsbury-ir.co.uk.
- *Internal Audit:* An internal audit function conducts risk-based audits of the processes 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 Group Company Secretary is the Head of Internal Audit and reports to the chair of the Audit Committee and the Chief Executive in respect of risk management and internal audit work.

By order of the Board

Michael Daykin
Group Company Secretary
11 June 2014

DIRECTORS' REMUNERATION REPORT

ANNUAL STATEMENT

Dear Shareholder

I am delighted to present the Directors' Remuneration Report for Bloomsbury Publishing Plc for the year ended 28 February 2014 (the 'Report'). The Report has been prepared on behalf of the Bloomsbury Board by the Remuneration Committee (the 'Committee') and has been approved by the Board.

Outline of the Remuneration Report

The Report is split into the following two sections:

- Part A, the Remuneration Policy Report, which sets out the Remuneration Policy for the Executive and Non-Executive Directors which, subject to shareholder approval, operates from 1 March 2014 and will become formally effective from the 2014 AGM; and
- Part B, the Annual Report on Remuneration, which discloses how the Remuneration Policy will be implemented for the year ending 28 February 2015 and how it was implemented for the year ended 28 February 2014.

The Directors' Remuneration Policy Report will be subject to a binding shareholder vote and the Annual Report on Remuneration will be subject to an advisory shareholder vote at the forthcoming AGM on 22 July 2014. In future the Directors' Remuneration Policy Report will be subject to a binding vote every three years (sooner if changes are made to the policy) and the Annual Report on Remuneration will be subject to an annual advisory vote.

Performance and Reward for 2013/14

Bloomsbury delivered another good performance for the year ended 28 February 2014 against the background of a publishing market place that continues to evolve and a relatively stable economic environment. The Committee set stretching annual bonus targets (see below) for the year and it is to the credit of the business that it has beaten the threshold target for PBTA allowing bonuses to be paid at an average rate of 17% of the maximum bonus.

The 2010 long-term incentive awards, which were determined by a combination of earnings per share (50% of awards) and relative total shareholder return performance (50% of awards), only vested at 50% of the maximum in 2013/14 as while the maximum earnings per share target was exceeded, the threshold total shareholder return target was not met.

Remuneration Policy for 2014/15

The Remuneration Committee continually reviews the Executive Director Remuneration Policy to ensure it promotes the attraction, motivation and retention of the high quality Executive Directors who have been key to delivering the Company's strategy in the past and who will be key to delivering sustainable earnings growth and shareholder return in the future. For 2014/15 the Committee has concluded that:

- basic salaries should be increased by 3% in line with the general workforce for the Group (this follows a pay freeze in respect of the previous year);
- there will be no changes to other elements of fixed pay (i.e. benefit and pension provision) except that the pension contribution for Wendy Pallot of 10% of basic salary should be increased in line with market norms to 15% of basic salary;
- the structure and quantum of the annual bonus arrangement continues to work well. Therefore, the maximum bonus potential will remain at 100% of salary and the structure of the 2014/15 annual bonus will be broadly similar to that operated for 2013/14. A claw-back provision, introduced for 2014/15, will operate in respect of the annual bonus for the Executive Directors; and
- the long-term incentive policy, operated under the Bloomsbury Share Plan 2005 ('PSP'), whereby conditional share awards are granted annually with vesting based on earnings per share (50%) and relative total shareholder return (50%) performance conditions and continued service, provide a strong alignment between the senior executive team and shareholders. However, as a result of the PSP nearing the end of its 10 year life, shareholder consent for a replacement plan will be sought at the 2014 AGM. The new plan will be broadly similar to the plan it replaces although, subject to shareholder approval, it will be aligned to market practice both in respect of quantum (annual award levels will be increased from 75% of salary for the Chief Executive and 66% of salary for other Directors to 100% of salary for all Executive Directors) and a number of provisions will be aligned to best practice (e.g. threshold vesting levels will be reduced, maximum and exceptional award limits reduced and claw-back provisions will operate).

DIRECTORS' REMUNERATION REPORT

Shareholder feedback

In applying the Remuneration Policy, the Committee's priority is to ensure that the interests of the shareholders and, where beneficial to the shareholders, other stakeholders are served whilst the Executive Directors and senior management team are treated fairly. In reaching its decisions the Committee considers the views and feedback it receives from shareholders and other members of the shareholder corporate governance community together with the views of management. Major shareholders and representative bodies were consulted in early 2014 in respect to the proposed changes to the long-term incentive policy.

In conclusion, the Committee considers that the Remuneration Policy will incentivise the sustainable delivery of the Board's strategy, strong financial performance and the creation of long-term shareholder value.

Jill Jones
Chair of the Remuneration Committee
11 June 2014

PART A – Remuneration Policy Report

Introduction

The Committee has adopted the principles of good governance relating to Directors' Remuneration as set out in the UK Corporate Governance Code issued June 2010 and September 2012 (the 'Codes'). This Report, together with the Annual Report on Remuneration, complies with the Companies Act 2006 (the 'Act'), the UKLA Listing Rules of the Financial Conduct Authority and Directors' Remuneration: the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The Company has complied with the provisions of the Codes relating to Directors' Remuneration throughout the year.

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

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

Consideration of shareholder views

The Committee considers shareholder feedback received in relation to the AGM each year. This feedback, plus any additional feedback received during any meetings from time to time, is then considered as part of the Group's annual review of the Remuneration Policy. In addition, the Remuneration Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be made to the Remuneration Policy. Major shareholders and representative bodies were consulted in early 2014 in respect to the proposed changes to the long-term incentive policy.

Details of votes cast for and against the resolution to approve last year's remuneration report and any matters discussed with shareholders during the year are set out in the Annual Report on Remuneration.

Consideration of employment conditions elsewhere in the Group

The Committee considers the general basic salary increase for the broader employee population when determining the annual salary increases for the Executive Directors. Employees have not been consulted in respect of the design of the Group's Executive Director Remuneration Policy, although the Committee will keep this under review.

The relative increase in CEO pay for the year under review, as compared with that of the general workforce, is set out in the Annual Report on Remuneration. The Committee also considers environmental, social and governance issues and risk when reviewing executive pay quantum and structure.

Remuneration Policy – Summary Policy Table

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Salary	* Reflects the value of the individual and their role * Reflects skills and experience over time * Provides an appropriate level of basic fixed income avoiding excessive risk taking arising from over reliance on variable income	* Reviewed annually and normally effective 1 March * Takes periodic comparisons against companies with similar characteristics and sector comparators	* No maximum base salary or maximum salary increase operated * Annual increases are typically linked to those of the wider workforce * Where salaries are below market levels (e.g. upon promotion or a change of role) higher increases may be awarded where appropriate	* N/A
Annual bonus	* Incentivises annual delivery of financial and strategic goals * Maximum bonus only payable for achieving demanding targets	* Paid in cash * Not pensionable	* 100% of salary	* Group profit (majority) * Strategic objectives (minority) * Personal objectives (minority) * Claw-back provisions operate for Executive Directors
Pension	* Provides modest retirement benefits * Opportunity for Executive Directors to contribute to their own retirement plan	* Defined contribution/ salary supplement or cash payment in lieu of pension contribution	* Up to 15% of salary	* N/A
Other benefits	* To aid retention and recruitment	* Company car or car allowance and the provision of private medical/permanent health insurance and life assurance	* N/A	* N/A

DIRECTORS' REMUNERATION REPORT

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Long-term incentives	✷ Aligned to main strategic objectives of delivering sustainable profit growth and shareholder return	✷ Annual grant of nil cost options or conditional awards which normally vest after three years subject to continued service and performance targets	✷ Normal annual grant policy is 100% of basic salary ✷ Enhanced award levels may be granted up to 150% of salary (e.g. upon an Executive Director's appointment) ✷ Dividend equivalents may be payable to the extent that shares under award vest	✷ PSP performance normally measured over three years based on EPS growth targets and/or relative TSR ✷ 25% of awards will vest at threshold performance increasing pro-rata to full vesting at maximum performance levels ✷ Claw-back provisions operate for Executive Directors
Sharesave	✷ To encourage share ownership by employees and therefore alignment with shareholders	✷ HMRC approved savings plan to fund the exercise of share options ✷ The exercise price may be discounted by up to 20% ✷ Provides tax advantages to UK employees	✷ Prevailing HMRC limits apply	✷ N/A
Share Ownership Guidelines	✷ To provide alignment between Executive Directors and shareholders	✷ Executive Directors are required to build and maintain a shareholding equivalent to one year's base salary through the retention of vested share awards or through open market purchases	✷ Minimum of 100% of salary holding for Executive Directors	✷ N/A
Non-Executive Director fees	✷ Reflects time commitments of each role ✷ Reflects fees paid by similar sized companies	✷ Cash fee paid monthly ✷ Three month notice periods	✷ No maximum fee or maximum fee increase operated ✷ Annual increases are typically linked to those of the wider workforce, time commitment and responsibility levels	✷ N/A

Notes to the Summary Policy Table:

1. A description of how the Company intends to implement the policy set out in this table from the 2014 AGM onwards is set out in the Annual Report on Remuneration on pages 72 to 81.

2. Remuneration arrangements below Board level tend to be skewed more towards fixed pay with less of a focus on share-based long-term incentive pay. These differences have arisen from the development of remuneration arrangements that are market competitive for the various categories of individuals.

3. The choice of the performance metrics applicable to the annual bonus scheme reflect the Committee's belief that any incentive compensation should be appropriately challenging and tied to both the delivery of profit growth and personal and strategic objectives.

4. The TSR and EPS performance conditions applicable to the PSP were selected by the Remuneration Committee on the basis that they reward the delivery of long-term returns to shareholders and the Company's financial growth and are consistent with the Company's objective of delivering superior levels of long-term value to shareholders. The TSR performance condition is monitored on the Committee's behalf by New Bridge Street whilst the Group's EPS growth is derived from the audited financial statements.

5. While PSP awards currently vest after three years subject to continued service and performance targets, the Committee will consider developments in best practice when setting future long-term incentive grant policies and, in particular, whether the introduction of a post vesting holding period, in addition to the existing shareholding guidelines, is appropriate for the Company.

6. The all-employee Sharesave scheme does not have performance conditions.

7. For the avoidance of doubt, in approving this Directors' Remuneration Policy, authority is given to the Company to honour any commitments entered into with current or former Directors (such as the payment of a pension, payment of last year's annual bonus or the vesting/exercise of share awards granted in the past). Details of any payments to former Directors will be set out in the Annual Report on Remuneration as they arise.

Discretion of the Committee

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

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

Share-based incentives

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

Annual bonuses

- making annual bonus awards to the Executive Directors and determining the level of awards, targets and conditions and calibration of bonuses;
- the Group bonus pool and the level of bonus pay-outs for the Executive Directors and managers below Board level who participate in the Group bonus scheme;
- bonus payments to Executive Directors following the assessment of performance measures and achievement against bonus objectives;

DIRECTORS' REMUNERATION REPORT

Routine payments

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

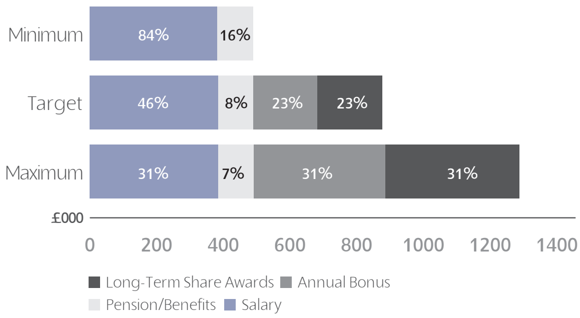
Non-routine payments

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

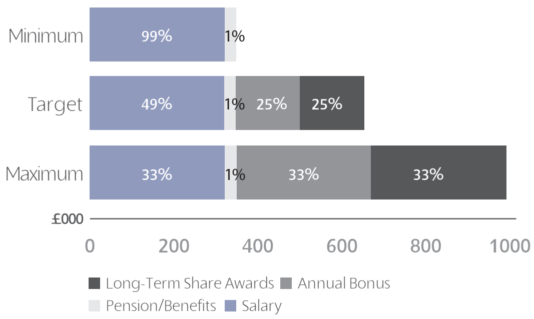
Reward scenarios

The following charts show how much each Executive Director could earn in 2014/15 under different performance scenarios:

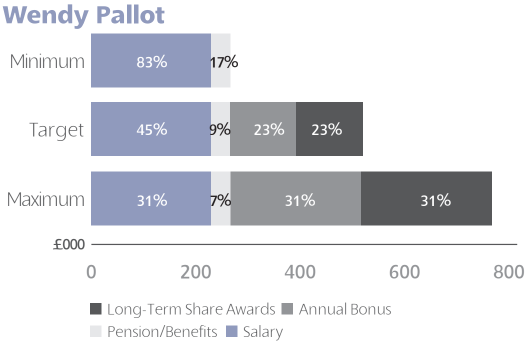
Nigel Newton



Richard Charkin



Wendy Pallot



Notes:

- The minimum performance scenario comprises the fixed elements of remuneration only, based on salary and pension as per the policy for 2014/15 and estimated benefits based on 2013/14.
- The target level of bonus is taken to be 50% of the maximum bonus opportunity (100% of salary), and the target level of PSP vesting is assumed to be 50% of the face value assuming a normal grant level (100% of salary). These values are included in addition to the components/values of minimum remuneration.
- Maximum assumes full bonus pay-out (100% of salary) and the full face value of the PSP (100% of salary), in addition to fixed components of remuneration.
- For simplicity, no share price growth has been factored into the calculations. The value of any Sharesave awards and notional dividends accruing on vested LTIP shares has been excluded.

Executive Director Share Ownership Guidelines

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

Remuneration earned by the Executive Directors from outside appointments

Significant external appointments of the Directors are given in the bibliographic details on pages 46 and 47. The Committee considers that the external appointments of the Executive Directors have no detrimental impact on the performance of their duties. The Committee has approved that each Executive Director may retain his or her remuneration earned from external appointments up to £15,000 per year.

Approach to recruitment and promotions

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

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

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

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

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

Service contracts for Executive Directors

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

Executive Directors	Date of agreement	Date of expiry	Notice period
Nigel Newton	24 June 2003	—	12 Months
Richard Charkin	1 October 2007	—	12 Months
Wendy Pallot	10 March 2011	—	12 Months

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

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

Non-Executive Directors

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

Non-Executive Director	Date of appointment	Date of agreement	Date of expiry[1]	Notice period
Sir Anthony Salz	29 August 2013	29 August 2013	July 2016	3 Months
Ian Cormack	1 January 2011	31 December 2013	July 2015	3 Months
Jill Jones	23 July 2013	22 July 2013	July 2016	3 Months
Stephen Page	20 August 2013	20 August 2013	July 2016	3 Months

[1] the dates of expiry of NED appointments are set relative to Annual General Meetings which are expected to occur during July each year.

DIRECTORS' REMUNERATION REPORT

The annual fees of NEDs, excluding the Chairman, are determined by the Chairman and the Executive Directors. The annual fee of the Chairman is determined by the other NEDs and the Executive Directors. NEDs receive a basic annual fee plus an extra annual amount for additional responsibilities such as chairing Board committees. The fees of the NEDs and Chairman are periodically reviewed against benchmark data provided by external remuneration consultants. Where NEDs and the Chairman receive an increase in annual fee this is normally limited to the annual increase in salaries for Bloomsbury employees. The NEDs and Chairman do not participate in the Company's annual bonus or share incentive schemes including Sharesave.

PART B — Annual Report on Remuneration

The following provides details of the Remuneration Policy which will be in operation for 2014/15 and that operated for the year ended 28 February 2014. Certain elements of the this report, as indicated, have been audited.

Part B-1 (Audited Information) Implementation of the Remuneration Policy for the year ending 28 February 2015

Executive Directors

Basic salary

From 1 March 2014, the Group's employees generally, including the Executive Directors, received a pay increase of 3% reflecting the strong underlying performance of the business. From 1 March 2013 in respect of the previous year, increases for higher paid employees including the Executive Directors were limited to 0% subject to adjustments for increased responsibilities.

The basic salaries for the Executive Directors from 1 March 2014 are as follows:

Executive Director	From 1 March 2014 £000	From 1 March 2013 £000	From 1 March 2012 £000
Nigel Newton	407	395	395
Richard Charkin[1]	333	323	323
Wendy Pallot	245	226[2]	226

1. As negotiated at the time of appointment, Richard Charkin's base salary includes a modest uplift in lieu of pension and car allowance.
2. Wendy Pallot was assigned responsibility for the Group's Information Technology from December 2012. Following a probationary period of six months to assess her performance, the assignment of responsibilities was made permanent. In view of the resulting increased responsibility, additional commitment required and her performance, the Committee approved an increase of £12,000 per annum to the basic salary of Wendy Pallot from 1 September 2013. The personal and strategic objectives for the annual cash bonus of Wendy Pallot in future years will include objectives relating to Bloomsbury's IT.

Pensions

In accordance with the policy, pension contributions will be set at 15% of basic salary for Nigel Newton and Wendy Pallot. No pension contributions will be made by the Company for Richard Charkin.

Other benefits

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

Annual bonus

For 2014/15, the maximum bonus potential will continue to be set at 100% of salary based on profit with 30% of the bonus paid subject to achieving further objectives including 10% on personal objectives and 20% on strategic objectives.

The Group Management Bonus scheme used in previous years for the Executive Directors will continue to be adopted for 2014/15. Under this scheme bonuses for the Executive Directors and approximately 40 managers are paid from a bonus pool determined by the Committee. The bonuses for the participants of the scheme are scaled back where the pool is not sufficient to pay maximum bonuses. The maximum bonus for each participant is capped and depends on them achieving their individual bonus objectives.

The pool is calculated as the excess of Adjusted Profits (before bonus) above a stretching target set by the Committee. No bonuses are paid if Adjusted Profits fall below the target.

Long-term incentives

As a result of the current PSP (Bloomsbury 2005 Performance Share Plan) reaching the end of its 10 year life, shareholder consent for a new plan, based on the existing arrangements but updated in a number of areas to comply with best practice (including the reduction of the threshold vesting level and introduction of claw-back), will be sought at the 2014 AGM.

Reflecting market practice for a FTSE SmallCap company, the PSP individual annual award limits under the current PSP will, subject to shareholder approval, be reduced in the new PSP from 150% of salary to 100% of salary. Further, the exceptional limit of 300% of salary in the current PSP will be reduced to 150% of salary.

The annual PSP awards to be granted in 2014 will be subject to the following targets:

- Absolute EPS (50%) – 25% of this part of an award will vest for annualised growth in EPS over the performance period of RPI +3% increasing pro-rata to 100% vesting for annualised growth in EPS over the performance period of RPI + 8%; and
- Relative TSR (50%) – the Company's TSR measured against the constituents of the FTSE SmallCap (excluding investment trusts). 25% of this part of an award will vest at median increasing pro-rata to 100% vesting at top quartile or higher.

EPS and relative TSR are considered to be the most appropriate measures of long-term performance for the Group, in that they ensure Executive Directors are incentivised and rewarded for the earnings performance of the Group as well as returning value to shareholders.

The awards will be subject to claw-back provisions.

Subject to the approval of the Remuneration Committee, the Executive Directors may participate in the Company's Sharesave scheme if operated during 2014/15.

Non-Executive Directors

Current annualised fees are as follows:

Non-Executive Director	Position	From 1 March 2014[1] £000	From 1 March 2013[1] £000
Sir Anthony Salz	Chairman of the Board	101	101
Ian Cormack	Chair of the Audit Committee and Senior Independent Director	39	39
Jill Jones	Chair of the Remuneration Committee	38	38
Stephen Page	Independent NED	37	37

[1] Where a director joined after 1 March 2013, the annualised fee is shown at the date of joining. This applies to Sir Anthony Salz, Jill Jones and Stephen Page.

From 1 March 2014, the NEDs' fees were not increased.

DIRECTORS' REMUNERATION REPORT

Directors' Remuneration for 2013/14

Details of payments to Directors in respect of 2013/14 are as follows:

	Year ended 28 February	Basic salary or fees £000	Other benefits[2] £000	Pension contributions[3] £000	Performance related bonus[4] £000	Gain on share awards[5] £000	Total £000
Executive Directors							
Nigel Newton	2014	395	20	59	67	253	794
	2013	395	13	59	—	150	617
Richard Charkin	2014	323	7	—	55	182	567
	2013	323	6	—	—	108	437
Wendy Pallot	2014	232	14	23	40	193	502
	2013	226	15	23	—	—	264
Non-Executive Directors							
Sir Anthony Salz[1]	2014	51	—	—	—	—	51
	2013	—	—	—	—	—	—
Ian Cormack	2014	39	—	—	—	—	39
	2013	39	—	—	—	—	39
Jill Jones[1]	2014	23	—	—	—	—	23
	2013	—	—	—	—	—	—
Stephen Page[1]	2014	20	—	—	—	—	20
	2013	—	—	—	—	—	—
Jeremy Wilson[1]	2014	50	—	—	—	—	50
	2013	101	—	—	—	—	101
Sarah Jane Thomson[1]	2014	23	—	—	—	—	23
	2013	38	—	—	—	—	38
Total	2014	1,156	41	82	162	628	2,069
	2013	1,122	34	82	—	258	1,496

Notes

1. Appointments to the Board: Jill Jones on 23 July 2013, Stephen Page on 20 August 2013 and Sir Anthony Salz on 29 August 2013. Resignations from the Board: Sarah Jane Thompson on 11 July 2013 and Jeremy Wilson on 29 August 2013.
2. A description of other benefits received by the Directors is given in Part B on page 72.
3. Nigel Newton and Wendy Pallot accrued benefits under defined contribution pension arrangement during the year.
4. Details of the annual bonus targets are given below.
5. Details of the estimated values of the PSP award share incentives are given below. The actual gain realised in the future on share awards that vest (and on awards that have vested) may be higher or lower than the estimated values for the gain.

Annual bonus

Bonuses, which are capped at 100% of salary, were awarded to the Executive Directors in respect of the year ended 28 February 2014 at a rate of 17% of salary. This bonus award follows the Committee's assessment of performance against personal and strategic objectives and Adjusted Profits (before bonus) exceeding a target of £13 million.

Vesting of PSP awards

The PSP awards granted on 8 December 2011 are set to vest on 8 December 2014 based on EPS performance over the three years ended 28 February 2014 for 50% of awards and relative TSR over the three years from grant. As disclosed in previous annual reports, the performance condition for this award was as follows:

Metric	Performance Condition	Threshold Target	Stretch Target	Actual	% Vesting
Earnings per Share (50% of awards)	EPS of 10.7 pence (30% vesting of this part of an award) to EPS of 11.5 pence (66% vesting of this part of an award) to EPS of 14 pence (100% vesting) for the year ended 28 February 2014.	10.7p EPS	14p EPS	14.23p EPS	50% (out of a maximum of 50%)
Total Shareholder Return (50% of awards)	TSR against the constituents of the FTSE 250 (excluding investment trusts). Median (35% vesting of this part of an award) to top quartile. (100% vesting) over three years from grant date.	73% increase in TSR (median TSR)	122% increase in TSR (top quartile TSR)	93% increase in TSR	30%[1] (out of a maximum of 50%)

1. Given that the TSR performance period does not end until the third anniversary of grant (8 December 2014), the TSR targets and actual result are estimated based on the position as at 28 February 2014. For the purposes of calculating Single Figure values the estimated vesting of TSR awards is excluded on the basis that the performance conditions were not met within the Financial Year ended 28 February 2014.

Based on the above and for the purposes of calculating the Single Figure, estimated values for the PSP awards for the Executive Directors are as follows:

Executive	Scheme	Number of shares at grant	Number of shares to vest	Number of shares to lapse	Total	Estimated value[2] (£'000)
Nigel Newton	PSP (Conditional awards)	292,077	146,038	146,039	292,077	253
Richard Charkin		209,947	104,973	104,974	209,947	182
Wendy Pallot		222,785	111,392	111,393	222,785	193

2. Estimated value is based on the estimated number of shares to vest multiplied by the average share price in the last three months of the financial year being 173.25 pence (2013: 115.81 pence).

PSP awards granted during 2013/14

Details of PSP awards granted in 2013/14 are as follows:

Individual	Scheme	Date of grant	Basis of award	Face value £'000	Vesting at Threshold	Vesting at Maximum	Performance period
Nigel Newton	PSP (Conditional awards)	29 Nov 2013	75% of salary	297	30%	100%	TSR: 3 years from grant date EPS: 3 years to 29 February 2016
Richard Charkin		29 Nov 2013	66% of salary	213	30%	100%	
Wendy Pallot		29 Nov 2013	66% of salary	157	30%	100%	

DIRECTORS' REMUNERATION REPORT

For awards presented above:

- For 50% of awards: 30% of this part of an award will vest for a median TSR (nil vesting for below), increasing to 100% vesting of this part of an award for a top quartile TSR, measured against the FTSE 250 (excluding investment trusts); and
- For 50% of awards: 30% of this part of an award will vest for normalised EPS of 15.1 pence (nil vesting for below) increasing pro-rata to 100% of this part of an award vesting for normalised EPS of 18.4 pence for the year ending 29 February 2016.

Outstanding share awards

PSP conditional share awards have been granted for nil consideration over Ordinary Shares of 1.25 pence in the Company under the Bloomsbury 2005 Performance Share Plan ('PSP'). The number of PSPs awarded is calculated based on the closing mid-market share price prevailing on the day before the date of grant. The following PSP conditional shares awarded to the Executive Directors were outstanding during the year:

	Date of award	Due date of exercise/ expiry	Price at grant date (pence)	At 1 March 2013	Awarded during the year	Exercised during the year	Lapsed during the year	Share price on date of exercise (pence)	At 28 February 2014
Nigel Newton	6 May 2010	6 May 2013	110.00p	258,331	—	(129,166)	(129,165)	129p	—
	8 Dec 2011	8 Dec 2014	98.75p	292,077	—	—	—	—	**292,077**
	5 Dec 2012	5 Dec 2015	115.50p	256,711	—	—	—	—	**256,711**
	29 Nov 2013	29 Nov 2016	170.88p		173,519	—	—	—	**173,519**
Richard Charkin	6 May 2010	6 May 2013	110.00p	185,691	—	(92,846)	(92,845)	129p	—
	8 Dec 2011	8 Dec 2014	98.75p	209,947	—	—	—	—	**209,947**
	5 Dec 2012	5 Dec 2015	115.50p	184,527	—	—	—	—	**184,527**
	29 Nov 2013	29 Nov 2016	170.88p	—	124,728	—	—	—	**124,728**
Wendy Pallot	8 Dec 2011	8 Dec 2014	98.75p	222,785	—	—	—	—	**222,785**
	5 Dec 2012	5 Dec 2015	115.50p	129,234	—	—	—	—	**129,234**
	29 Nov 2013	29 Nov 2016	170.88p	—	91,988	—	—	—	**91,988**

For the awards presented above

TSR

- For 50% of the 2011, 2012 and 2013 awards: 30% of this part of an award (35% for 2011 awards) will vest for a median TSR, increasing to 100% vesting of this part of an award for a top quartile TSR, measured against the FTSE 250 (excluding investment trusts).

EPS

- For 50% of the 2011 awards: 30% of this part of an award will vest for normalised EPS of 10.7 pence, increasing pro-rata to 66% of this part of an award vesting for normalised EPS of 11.5 pence, increasing pro-rata to 100% of this part of an award vesting for normalised EPS of 14 pence.
- For 50% of the 2012 awards: 30% of this part of an award will vest for normalised EPS of 13.75 pence, increasing pro-rata to 100% of this part of an award vesting for normalised EPS of 16.2 pence.
- For 50% of the 2013 awards: 30% of this part of an award will vest for normalised EPS of 15.1 pence, increasing pro-rata to 100% of this part of an award vesting for normalised EPS of 18.4 pence.

Bloomsbury operates an HMRC approved Sharesave scheme for which all UK employees are eligible to participate. The following Sharesave options granted to the Executive Directors were outstanding at the year ended.

	At 1 March 2013	Granted during the year	Lapsed during the year	At 28 February 2014	Exercise price (pence)	Date of grant	Date from which exercisable	Expiry date
Richard Charkin	3,676	—	—	3,676	98.18p	12 Aug 2011	Oct 2014	Apr 2015
	3,682	—	—	3,682	97.75p	14 Jun 2012	Aug 2015	Feb 2016
Wendy Pallot	3,676	—	—	3,676	98.18p	12 Aug 2011	Oct 2014	Apr 2015
	3,682	—	—	3,682	97.75p	14 Jun 2012	Aug 2015	Feb 2016

Directors' interests in shares

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

	Owned[3]		PSP Awards		SAYE Awards	Total	Shareholding guideline[1]
	28 February 2014	28 February 2013	Unvested	Vested	Unvested	28 February 2014	(100% of salary)
Nigel Newton	1,374,863	1,506,655	722,307	—	—	2,097,170	100%
Richard Charkin	171,833	116,734	519,202	—	7,358	698,393	85%
Wendy Pallot	—	—	444,007	—	7,358	451,365	0%
Sir Anthony Salz	—	n/a	—	—	—	—	n/a
Jill Jones	—	n/a	—	—	—	—	n/a
Stephen Page	—	n/a	—	—	—	—	n/a
Ian Cormack	11,975	11,975	—	—	—	11,975	n/a
Jeremy Wilson	[2] 4,026	4,026	—	—	—	n/a	n/a
Sarah Jane Thomson	[2] —	—	—	—	—	n/a	n/a

[1] The shareholding guideline was introduced during the year ended 28 February 2013 and can be found on the Company's website www.bloomsbury-ir.co.uk. The guideline requires that the Executive Director must retain shares vesting from the PSP awards net of tax until the shareholding guideline has been met. The number of shares needed to satisfy a shareholding is recalculated at the close of the next business day following the announcement of the full year results (the 'Review Date'). The recalculation is based on the Executive Director's prevailing base salary and the closing mid market share price (165.25 pence) on the Review Date.

[2] The shareholdings shown are as at the date the Directors stood down from the Board being on 11 July 2013 for Sarah Jane Thomson and 29 August 2013 for Jeremy Wilson.

[3] Owned includes shares held directly by the Director and indirectly by a nominee on behalf of the Director where the Director has the beneficial interest. It includes the shares of the Director and of connected persons defined under the Model Code annexed to the UKLA Listing Rules.

There were no changes in the interests of any Director between 1 March 2014 and the date of this report.

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.

The closing market price of an Ordinary Share at 28 February 2014 was 177.0p (2013: 104.0p) and the range of intra-day market prices from 1 March 2013 to 28 February 2014 was 104.0p to 185.0p (2013: 101.6p to 148.0p).

DIRECTORS' REMUNERATION REPORT

Remuneration earned by the Executive Directors from outside appointments

Richard Charkin receives and retains a fee of £10,575 per annum in respect of his external appointment as a Non-Executive Director of the Institute Of Physics Publishing. The Executive Directors receive no other remuneration from external appointments as Non-Executive Directors.

Payments to past Directors

There were no payments made during the year ended 28 February 2014 to past Directors.

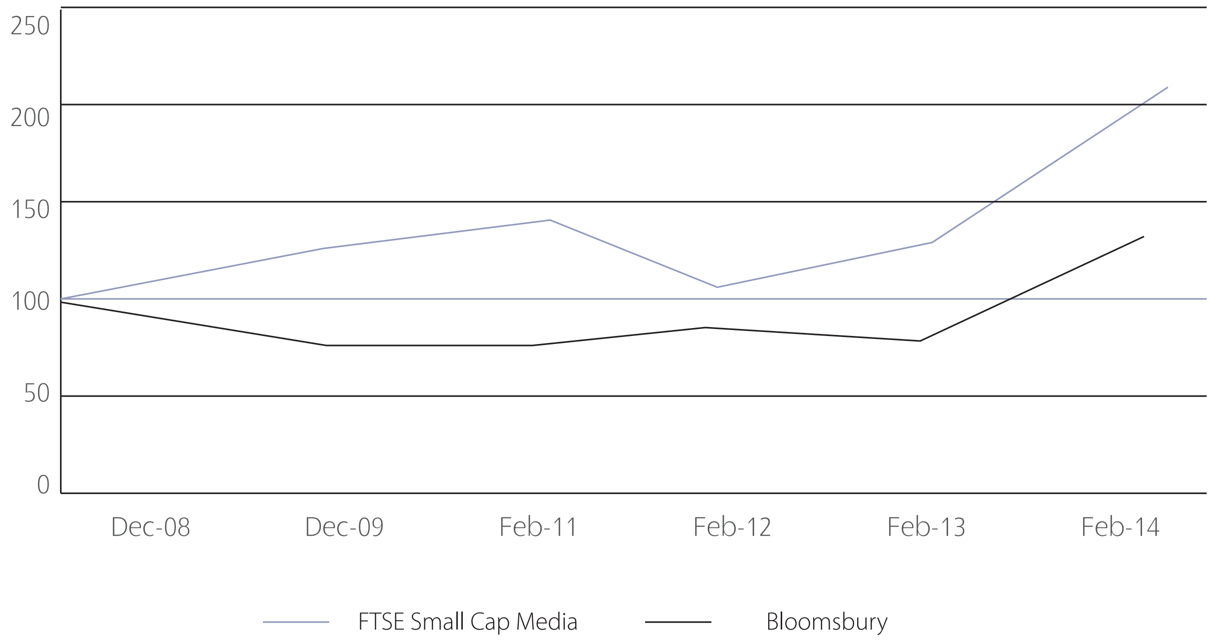
Payments for loss of office

No payments were made to past Executive Directors during the year ended 28 February 2014.

Part B-2 (Unaudited Information)

Performance graph and table

The chart below shows the Company's Total Shareholder Return for the year ended 28 February 2014 and for the four prior years together with the FTSE Small Cap Media sector index. The index has been selected as it represents a broad equity market index of which the Company is a constituent member.



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

	Period ended				
	31 December 2009	28 February 2011 [1]	29 February 2012	28 February 2013	28 February 2014
Total remuneration (£000)	711	900	785	617	749
Annual bonus (%)	51%	84%	54%	0%	17%
PSP vesting (%)	50%	0%	50%	50%	50%

1. The period ending 28 February 2011 is for 14 months.

Percentage change in Chief Executive's remuneration

The table below shows the percentage change in the Chief Executive's salary, benefits and annual bonus between the financial year ending 28 February 2013 and 28 February 2014, compared to that of the total remuneration for all employees of the Company for each of these elements of pay.

	Total remuneration		
	Year ended 28 February 2013	Year ended 28 February 2014	% change
Salary			
Chief Executive (£000)	395	395	0%
All employees (£m)	17.6	20.7	18%
Benefits including pension			
Chief Executive (£000)	72	79	10%
All employees (£m)	0.8	0.7	(13%)
Annual Bonus			
Chief Executive (£000)	–	67	n/a
All employees (£m)	–	0.3	n/a
Average number of employees	483	524	8%

Relative importance of spend on pay

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

	Year ended 28 February 2013	Year ended 28 February 2014	% change
Staff costs (£m) (See note 5)	20.7	23.6	14%
Dividends (£m)	4.0	4.2	6%
Retained profits (£m)	3.2	3.3	3%

DIRECTORS' REMUNERATION REPORT

Statement of shareholder voting

The Directors' Remuneration Report for the financial year ended 28 February 2013 was put to shareholders at the Annual General Meeting held on 23 July 2013 on an advisory basis. The voting outcomes were as follows:

	Number of shares	Percentage of the vote
Votes cast in favour	45,994,649	99.5%
Votes cast against	228,107	0.5%
Total votes cast	46,222,756	100%
Abstentions on voting cards	1,787,131	

Remuneration Committee

Responsibilities and activities of the Committee

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

The Committee considers it is appropriate for the Executive Directors to determine the remuneration plans of senior management. In respect of employees below the level of the Board, the Committee approves the bonus pool from which bonuses are paid and approves the grant and vesting of all share incentives before payments are made.

Membership

For the year ended 28 February 2014 up until signing the Report the Committee has comprised three Non-Executive Directors as follows:

Director	Appointed	Resigned
Jill Jones (Chair of the Committee)	23 July 2013	—
Sarah Jane Thomson (Chair of the Committee)	—	11 July 2013
Sir Anthony Salz	29 August 2013	–
Jeremy Wilson	—	29 August 2013
Ian Cormack	—	–

The Group Company Secretary, Michael Daykin FCIS FCA, acts as secretary to the Committee. Sarah Jane Thomson chaired the Committee from 28 May 2010 until her resignation on 11 July 2013. All meetings or business of the Committee were conducted during the year with two Independent Non-Executive Directors and the Chairman present.

The Committee met formally on 7 (seven) occasions during the year including 3 (three) occasions without the Executive Directors present and on four occasions with an Executive Director attending at the request of the Committee for specific items on the agenda. New Bridge Street attends Committee meetings where needed to provide technical support. The Committee chair has a standing item on the agenda at each main Board meeting, which provides the opportunity to update on and raise remuneration matters for discussion by the Board. Minutes of the Committee are circulated to the Board once they have been approved by the Committee.

Assistance to the Committee

During the year the Committee took advice from external remuneration consultants, New Bridge Street, which does not perform other services for and has no other connection with the Company (a statement to this effect is included on the Company's website, www.bloomsbury-ir.co.uk). The Committee is free to choose its advisors and is satisfied that New Bridge Street continues to provide advice that is objective and independent. Fees paid to New Bridge Street for 2013/14 totalled £14,131.

The Committee received assistance from the Group Company Secretary and, where specifically requested by the Committee, the Chief Executive and Finance Director. The Committee has considered any feedback received from the major shareholders during the year as part of Bloomsbury's on-going investor relations programme and considers the reports and recommendations of shareholder representative bodies and corporate governance analysts.

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

Jill Jones
Chair of the Remuneration Committee
11 June 2014

INDEPENDENT AUDITOR’S REPORT

to the members of Bloomsbury Publishing Plc only

Opinion and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Bloomsbury Publishing Plc for the year ended 28 February 2014 set out on pages 86 to 146. In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the parent Company’s affairs as at 28 February 2014 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion on the financial statements the risks of material misstatements that had the greatest effect on our audit were as follows:

The risk	Our response
Revenue – revenue recognised in year ended 28 February 2014 of £109.5m Returns provision – balance as at 28 February 2014 of £4.7m, balance as at 28 February 2013 £5.3m Refer to pages 59 and 60 (Audit Committee Report), page 93 (accounting policy) and pages 101 and 118 (financial disclosures)	
In some cases contracts entered into by the Bloomsbury Information division are complex. These arrangements may include: the licensing or outright sale of the Group’s intellectual property; the provision of on-going consultancy services; or a bundled combination of these. The complexity of the contractual terms may require the Group to make judgements in assessing when the triggers for revenue recognition have been met, particularly that the Group has sufficiently fulfilled its obligations (licensing, consultancy or outright sale) under the contract to allow revenue to be recognised. The Group typically sells its books on a sale or return basis. Estimating the level of returns from customers may have a material impact on the reported result. As such this is a significant focus area for our audit.	For all individually significant Bloomsbury Information contracts signed during the year, our audit procedures included, among others: * performing a detailed assessment of the contractual terms to identify the separate milestone delivery dates to the respective customer; * identifying from the contracts the triggers for revenue recognition and subsequent assessment of the allocation of revenue to each period; * where revenue has been recognised, we obtained, on a sample basis, evidence that the Group had fulfilled its obligations under the contract. This included, where appropriate, evidence of customer acceptance; and * for revenue on licensing arrangements that was recognised by the Group on delivery of the intellectual property, we considered whether there were any remaining contractual obligations or separate deliverables in the agreement which may preclude the recognition of revenue. For the returns provision, our procedures included, among others, an assessment of historical returns from customers and comparing this against the returns rate used in the underlying provision calculation as at 28 February 2014. This specifically focused on the actual returns rate in 2012 and 2013 financial years compared to those anticipated by the directors. We re-performed the Group’s return rate calculation and obtained evidence of actual returns post year end to assess the adequacy of the provision made as at 28 February 2014. We also assessed the adequacy of the disclosures in respect of the key judgements and estimates descriptions and the amounts recognised as revenue during the period or deferred at the balance sheet date.

INDEPENDENT AUDITOR'S REPORT

The risk	Our response
Goodwill and intangibles – value at 28 February 2014 - £60.8m Refer to page 60 (Audit Committee Report), pages 94 and 95 (accounting policy) and pages 112 to 114 (financial disclosures)	
The Group has completed a number of significant acquisitions in the past three years. The recoverability of the goodwill and associated intangible assets is dependent on individual businesses acquired sustaining sufficient profitability in the future and the Group realising synergy savings associated with the acquisitions. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability, this is a significant risk area that our audit is focused on.	Our audit procedures included, among others, testing of the budgeting procedures upon which the forecasts are based and assessing the integrity of the discounted cash flow model. We used our own internal valuation specialist to challenge the assumptions used, in particular the inputs and methodology used to determine the discount rate used to calculate the present value of projected future cash flows. Our work included comparing the assumptions made by the Group in compiling the discount rate to market data. We considered the historical accuracy of key assumptions by comparing the accuracy of the previous estimates of revenue and cost growth to the actual amount achieved. We sensitised key assumptions, including revenue growth rate and the discount rate, and considered whether the disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions properly reflected the risks inherent in the valuation of goodwill and intangibles.
Advances – value at 28 February 2014 - £20.8m Refer to page 60 (Audit Committee Report), page 96 (accounting policy) and pages 117 to 118 (financial disclosures)	
The Group pays advances to its authors prior to the delivery of a manuscript. The Group recovers these advances from future sales by deducting royalties due to the author under the terms of the relevant royalty agreement. The advances balance is made up of a significant number of individual advances to authors and requires the Group to track sales made. In determining whether advances are recoverable, the Group must make judgements over the likely future sales of individual titles. Where insufficient sales are forecast by the Group, a provision is recorded. This is a significant risk area as there is inherent uncertainty regarding the future sales of individual titles.	In this area our procedures performed included, among others, testing the key controls in the advance process, including contract approval, and testing the accuracy of recording of contract information on the underlying accounting systems. This included agreeing the value of the advance paid and the royalty rate due to the author to the signed contract. For individually significant advances held on balance sheet at the reporting date, we assessed the assumptions underlying forecast sales with directors and title editors, corroborating where possible to after date sales. In addition we analysed the accuracy of historical estimates of recoverability, both by genre and by title, by comparing forecasts made in prior period to actual outcomes. We also considered the adequacy of the disclosures in note 17 in the light of relevant accounting standards.

INDEPENDENT AUDITOR'S REPORT

The risk	Our response
Inventory – value at 28 February 2014 - £25.2m Refer to page 59 (Audit Committee Report), page 96 (accounting policy) and page 117 (financial disclosures)	
The Group has significant inventory balances. Estimates of stock obsolescence may have a material impact on the reported result. As such this is a significant focus area for our audit.	In this area our procedures performed included, among others, performing independent counts at the third party stock handler and comparing the figures recorded to the reported stock take results. We also assessed the accuracy of the inventory reconciliation performed by the Group, which included obtaining confirmation from the third party stock handler of amounts held. We assessed the recoverability of aged inventory items based on sales made in the year ended 28 February 2014 and the Group's internal forecast sales for future periods. In addition we assessed unit costing of stock by comparing, on a sample basis, the unit cost stock was recorded at against the sales price achieved in the year. We considered the write offs made in the year and assessed whether the level of historical write offs was consistent with the year end stock provision. We also evaluated whether the Group's provisioning policy was consistently applied and that, based on an assessment of historical write-offs, remained appropriate. We also assessed the adequacy of the disclosures in respect of inventory obsolescence as included in the Bloomsbury Annual Report.

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

The materiality for the Group financial statements as a whole was set at £675,000. This has been determined with reference to a benchmark of Group profit before income taxation (of which it represents 7.1%) which we consider to be one of the principal considerations for members of the Company in assessing the financial performance of the Group.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £34,000 in addition to other audit misstatements below that threshold that we believed warranted reporting on qualitative grounds.

Audits for group reporting purposes were performed by component audit teams at locations in the UK and USA. These audits covered 93% of total Group revenue; 100% of Group profit before taxation and 97% of total Group assets. The Group team also performed analytical procedures over the components in Australia and India, which accounted for the remaining 7% of revenue.

The audits undertaken for group reporting purposes at the key reporting components of the Company were all performed to component materiality levels. These materiality levels were set individually for each component and agreed with the group audit team and ranged from £400,000 to £500,000.

Detailed instructions were sent to all the auditors in these locations. These instructions covered the significant areas that should be addressed by the component auditors (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported back to the group audit team. The group audit team visited locations in both the UK and USA. Telephone meetings were also held with the auditors at these locations.

4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' Statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or
- the Audit Committee Report on pages 58 to 61 does not appropriately address matters communicated by us to the Audit Committee.

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 52, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 54 to 64 relating to the Company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Statement of Directors' Responsibilities set out on page 53, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2013a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

John Bennett (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London
11 June 2014

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2014

Continuing operations	Notes	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Revenue	3	109,496	98,479
Cost of sales		(47,183)	(41,242)
Gross profit		62,313	57,237
Marketing and distribution costs		(14,890)	(12,733)
Administrative expenses		(37,913)	(34,748)
Operating profit before highlighted items		13,039	12,414
Highlighted items	4	(3,529)	(2,658)
Operating profit	4	9,510	9,756
Finance income	6	49	117
Finance costs	6	(80)	(26)
Profit before taxation and highlighted items		13,008	12,505
Highlighted items	4	(3,529)	(2,658)
Profit before taxation		9,479	9,847
Taxation	7	(1,776)	(2,029)
Profit for the year from continuing operations		7,703	7,818
Discontinued operation			
Loss for the year from discontinued operation	10	–	(352)
Profit for the year attributable to owners of the Company		7,703	7,466
Earnings per share attributable to owners of the Company – continuing operations			
Basic earnings per share	11	10.57p	10.81p
Diluted earnings per share	11	10.43p	10.46p

The notes on pages 91 to 132 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2014

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Profit for the year	7,703	7,466
Other comprehensive income		
Items that may be reclassified to the income statement:		
Currency translation differences on foreign operations	(3,169)	1,428
Deferred tax on share-based payments	–	(20)
Items that may not be reclassified to the income statement:		
Remeasurements on the defined benefit pension scheme	(13)	–
Other comprehensive income for the year net of tax	(3,182)	1,408
Total comprehensive income for the year attributable to the owners of the Company	4,521	8,874
Arises from:		
Continuing operations	4,521	9,226
Discontinued operation	–	(352)
Total comprehensive income for the year attributable to the owners of the Company	4,521	8,874

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

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2014

	Notes	28 February 2014 £'000	28 February 2013 £'000
Assets			
Goodwill	12	**39,511**	35,134
Other intangible assets	13	**21,310**	20,111
Property, plant and equipment	14	**3,145**	3,006
Deferred tax assets	15	**2,095**	1,943
Total non-current assets		**66,061**	60,194
Inventories	16	**25,203**	25,584
Trade and other receivables	17	**56,783**	53,630
Cash and cash equivalents		**10,037**	14,625
Total current assets		**92,023**	93,839
Total assets		**158,084**	154,033
Liabilities			
Retirement benefit obligations	22	**124**	128
Deferred tax liabilities	15	**3,177**	3,306
Other payables	18	**566**	2,548
Provisions	19	**420**	377
Total non-current liabilities		**4,287**	6,359
Trade and other payables	18	**35,226**	31,579
Current tax liabilities		**2,012**	1,230
Provisions	19	**523**	57
Total current liabilities		**37,761**	32,866
Total liabilities		**42,048**	39,225
Net assets		**116,036**	114,808
Equity			
Share capital	20	**924**	924
Share premium		**39,388**	39,388
Translation reserve	20	**1,875**	5,044
Other reserves	20	**3,402**	2,314
Retained earnings	20	**70,447**	67,138
Total equity attributable to owners of the Company		**116,036**	114,808

The financial statements were approved by the Board of Directors and authorised for issue on 11 June 2014.

W Pallot
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Translation reserve £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Own shares held by EBT £'000	Retained earnings £'000	Total equity £'000
At 29 February 2012	924	39,388	3,616	22	3,438	(2,142)	63,934	109,180
Profit for the year	–	–	–	–	–	–	7,466	7,466
Other comprehensive income								
Exchange differences on translating foreign operations	–	–	1,428	–	–	–	–	1,428
Deferred tax on share-based payment transactions	–	–	–	–	–	–	(20)	(20)
Total comprehensive income for the year	–	–	1,428	–	–	–	7,446	8,874
Transactions with owners								
Dividends to equity holders of the Company	–	–	–	–	–	–	(3,793)	(3,793)
Share options exercised	–	–	–	–	–	449	(449)	–
Share-based payment transactions	–	–	–	–	547	–	–	547
Total transactions with owners of the Company	–	–	–	–	547	449	(4,242)	(3,246)
At 28 February 2013	924	39,388	5,044	22	3,985	(1,693)	67,138	114,808
Profit for the year	–	–	–	–	–	–	7,703	7,703
Other comprehensive income								
Exchange differences on translating foreign operations	–	–	(3,169)	–	–	–	–	(3,169)
Remeasurements on the defined benefit pension scheme	–	–	–	–	–	–	(13)	(13)
Total comprehensive income for the year	–	–	(3,169)	–	–	–	7,690	4,521
Transactions with owners								
Dividends to equity holders of the Company	–	–	–	–	–	–	(4,041)	(4,041)
Share options exercised	–	–	–	–	–	491	(491)	–
Deferred tax on share-based payment transactions	–	–	–	–	–	–	151	151
Share-based payment transactions	–	–	–	–	597	–	–	597
Total transactions with owners of the Company	–	–	–	–	597	491	(4,381)	(3,293)
At 28 February 2014	924	39,388	1,875	22	4,582	(1,202)	70,447	116,036

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2014

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Cash flows from operating activities		
Continuing operations		
Profit before taxation	9,479	9,847
Finance income	(49)	(117)
Finance costs	80	26
Operating profit	9,510	9,756
Adjustments for:		
Depreciation of property, plant and equipment	624	546
Amortisation of intangible assets	2,764	2,321
Gain on bargain purchase	–	(210)
Loss on sale of property, plant and equipment	39	–
Share-based payment charges	686	615
	13,623	13,028
Increase in inventories	(303)	(1,536)
(Increase)/decrease in trade and other receivables	(4,759)	883
Increase/(decrease) in trade and other payables	4,815	(3,935)
Cash generated from operating activities	13,376	8,440
Income taxes paid	(2,264)	(552)
Net cash generated from operating activities	11,112	7,888
Cash flows from investing activities		
Purchase of property, plant and equipment	(839)	(526)
Purchase of businesses, net of cash acquired	(8,507)	(1,686)
Purchases of intangible assets	(1,684)	(2,366)
Sale of discontinued operations	–	2,158
Interest received	24	41
Net cash used in investing activities	(11,006)	(2,379)
Cash flows from financing activities		
Equity dividends paid	(4,041)	(3,793)
Interest paid	(55)	(1)
Net cash used in financing activities	(4,096)	(3,794)
Net (decrease)/increase in cash and cash equivalents	(3,990)	1,715
Cash and cash equivalents at beginning of year	14,625	12,639
Exchange (loss)/gain on cash and cash equivalents	(598)	271
Cash and cash equivalents at end of year	10,037	14,625

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ACCOUNTING POLICIES

1. Reporting entity
Bloomsbury Publishing Plc (the 'Company') is a Company domiciled in the United Kingdom. The address of the Company's registered office can be found on page 148. The consolidated financial statements of the Company as at and for the year ended 28 February 2014 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in the publication of books and other related services.

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

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

b) Basis of preparation
The consolidated financial statements have been prepared under the historical cost convention and on a going concern basis.

c) Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 45. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 28 to 34. In addition, note 23 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposures to credit risk and liquidity risk.

The Directors believe that the Group's diversification of product and geographical spread together with its monitoring and forecasting processes place the Group well in managing its business risks. The Group's forecasts and projections, taking into account reasonable possible changes in trading performance, indicate that the Group is able to operate within the level of its current available facilities including compliance with the bank facility covenants. Details of the bank facility and its covenants are shown in note 23c.

After making enquiries of senior management and reviewing cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least until June 2015, being the period of the detailed going concern assessment reviewed by the Board. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

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

e) Application of new and amended standards and interpretations
The following amendments and interpretations were adopted by the Group for the year ended 28 February 2014 and have not had a material impact on the Group financial statements:

- Amendment to IAS 19 'Employee benefits'(effective for annual periods beginning on or after 1 January 2013);

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ACCOUNTING POLICIES

- IFRS 13 'Fair value measurement' (effective for annual periods beginning on or after 1 January 2013); and
- Amendment to IAS 1 'Financial statement presentation' (effective for annual periods beginning on or after 1 July 2012). Other comprehensive income items have been presented on the basis of whether they are potentially reclassifiable to the income statement.

The Directors are currently assessing the potential impact of other new and revised accounting standards, interpretations or amendments issued by the International Accounting Standards Board that are currently endorsed but not yet effective. They have not been adopted early by the Group and are not expected to have a material impact on the Group's financial statements.

f) Basis of consolidation

i. Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

For acquisitions before 1 January 2010, the Group applies IFRS 3 Business Combinations (2004) in accounting for business combinations. All changes to contingent consideration in respect of these acquisitions are recognised as an adjustment to goodwill.

ii. Subsidiaries

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

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit for the Group. The financial information of subsidiaries is included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

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

iii. Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statement.

iv. Transactions eliminated on consolidation
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.

g) Revenue

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

— Revenue from book publishing is recognised when title passes. A provision for anticipated returns is made based primarily on historical return rates. If these do not reflect actual returns in future periods then revenues could be understated or overstated for a particular period.

— Revenue from the sale of publishing and distribution rights, including film, paperback, electronic, overseas publishing rights and sponsorship, is recognised on receipt of contractual documentation or receipt of funds, whichever occurs first.

— 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 usually recognised on a straight line basis over the period that the service is provided.

— Revenue from e-book sales is recognised when content is delivered.

h) Foreign currencies

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

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

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

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

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at the average exchange rates; and

— All resulting exchange differences are recognised in other comprehensive income and presented in the translation reserve in equity. On disposal of a foreign entity these exchange differences are recycled to the income statement.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

i) Taxation

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

i. Current tax

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

ii. Deferred tax

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

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

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

iii. Current and deferred tax for the year

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

j) Goodwill and other intangible assets

i. Goodwill

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

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

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

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

ii. Other intangible assets

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

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

Publishing rights	— 5% to 20% per annum
Imprints	— 3% to 5% per annum
Subscriber and customer relationships	— 6% to 17% per annum
Product and systems development	— 14% to 20% per annum

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

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

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

k) Property, plant and equipment

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

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

Short leasehold improvements	— over the remaining life of the lease
Furniture and fittings	— 10% per annum
Computer and 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 estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

l) Impairment of tangible and intangible assets excluding goodwill

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

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

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

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

n) Royalty advances to authors
Advances of royalties to authors are included within prepayments and accrued income when the advance is paid less any provision required to adjust the advance to its net realisable value. The royalty advance is expensed at the contracted or effective royalty rate as the related revenues are earned.

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

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

Trade receivables
Trade receivables are stated at fair value after provision for bad and doubtful debts and anticipated future sales returns.

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.

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

r) Employee benefits

i. Defined contribution plans

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

ii. Defined benefit plans

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. The service cost, representing benefits accruing over the year, is included in the income statement as an operating cost. Net interest is calculated by applying the discount rate to the net defined benefit obligation and is presented as finance costs or finance income.

iii. Termination benefits

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

iv. Share-based payment transactions

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

Options granted under the Group's share option schemes and sharesave scheme are equity settled. 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. Half of any award granted under the plan is subject to a Total Shareholder Return performance condition. The fair value of this element of the awards is calculated using the Stochastic model. The other half of any award granted under the plan is subject to an Earnings Per Share performance condition. The fair value of this element of the awards is calculated using the Black-Scholes model.

s) Employee benefit trust

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

t) Segmental reporting

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

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

u) Dividends

Dividends are recognised as liabilities once they are appropriately authorised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ACCOUNTING POLICIES

v) Critical accounting estimates and judgements
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. The resultant estimates will, by definition, not necessarily equal the related actual results and may require adjustment in subsequent accounting periods. The estimates and assumptions that may cause a material adjustment to the carrying amount of assets and liabilities in the next financial year are:

Revenue recognition
Certain contracts entered into by the Bloomsbury Information division may include: the licensing or outright sale of the Group's intellectual property; the provision of ongoing consultancy services; or a bundled combination of both. The Group considers contractual terms and makes judgements in assessing when the triggers for revenue recognition have been met, particularly that the Group has sufficiently fulfilled its obligations under the contract to allow revenue to be recognised.

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 statement of financial position in anticipation of book returns received subsequent to the reporting period end. The provision is calculated by reference to historical returns rates and expected future returns.

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

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

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 12 details the assumptions used.

3. Segmental analysis

The Group is comprised of four worldwide publishing divisions: Adult, Children's & Educational, Academic & Professional and Information. These divisions are the basis on which the Group reports its primary segment information. Segments derive their revenue from book publishing, sale of publishing and distribution rights, management and other publishing services.

The analysis by segment for continuing operations is shown below:

Year ended 28 February 2014

	Adult £'000	Children's & Educational £'000	Academic & Professional £'000	Information £'000	Unallocated £'000	**Total £'000**
External revenue	49,907	23,617	32,096	3,876	–	**109,496**
Cost of sales	(24,288)	(10,791)	(11,459)	(645)	–	**(47,183)**
Gross profit	**25,619**	**12,826**	**20,637**	**3,231**	**–**	62,313
Marketing and distribution costs	(6,848)	(3,585)	(4,404)	(53)	–	**(14,890)**
Contribution before administrative expenses	**18,771**	**9,241**	**16,233**	**3,178**	**–**	47,423
Administrative expenses excluding highlighted items	(13,337)	(7,257)	(11,697)	(2,093)	–	**(34,384)**
Operating profit before highlighted items / segment result	**5,434**	**1,984**	**4,536**	**1,085**	**–**	13,039
Intangible asset amortisation	(283)	(181)	(1,779)	(5)	(516)	**(2,764)**
Other highlighted items	–	–	–	–	(765)	**(765)**
Operating profit/(loss)	**5,151**	**1,803**	**2,757**	**1,080**	**(1,281)**	9,510
Finance income	–	–	–	–	49	**49**
Finance costs	–	–	–	–	(80)	**(80)**
Profit/(loss) before taxation	**5,151**	**1,803**	**2,757**	**1,080**	**(1,312)**	9,479
Taxation	–	–	–	–	(1,776)	**(1,776)**
Profit/(loss) for the year from continuing operations	**5,151**	**1,803**	**2,757**	**1,080**	**(3,088)**	7,703
Depreciation	290	135	172	27	–	**624**
Capital expenditure	–	–	–	–	2,523	**2,523**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2013

	Adult £'000	Children's & Educational £'000	Academic & Professional £'000	Information £'000	Unallocated £'000	Total £'000
External revenue	44,340	21,290	29,038	3,811	–	**98,479**
Cost of sales	(22,010)	(10,090)	(9,041)	(101)	–	**(41,242)**
Gross profit	**22,330**	**11,200**	**19,997**	**3,710**	**–**	**57,237**
Marketing and distribution costs	(5,962)	(3,304)	(3,397)	(70)	–	**(12,733)**
Contribution before administrative expenses	**16,368**	**7,896**	**16,600**	**3,640**	**–**	**44,504**
Administrative expenses excluding highlighted items	(12,658)	(6,756)	(11,361)	(1,315)	–	**(32,090)**
Operating profit before highlighted items / segment result	**3,710**	**1,140**	**5,239**	**2,325**	**–**	**12,414**
Intangible asset amortisation	(150)	(181)	(1,562)	(5)	(423)	**(2,321)**
Other highlighted items	–	–	–	–	(337)	**(337)**
Operating profit/(loss)	**3,560**	**959**	**3,677**	**2,320**	**(760)**	**9,756**
Finance income	–	–	–	–	117	**117**
Finance costs	–	–	–	–	(26)	**(26)**
Profit/(loss) before taxation	**3,560**	**959**	**3,677**	**2,320**	**(669)**	**9,847**
Taxation	–	–	–	–	(2,029)	**(2,029)**
Profit/(loss) for the year from continuing operations	**3,560**	**959**	**3,677**	**2,320**	**(2,698)**	**7,818**
Depreciation	246	118	161	21	–	**546**
Capital expenditure	–	–	–	–	2,892	**2,892**

Total assets

	28 February 2014 £'000	28 February 2013 £'000
Adult	**16,372**	10,623
Children's & Educational	**11,478**	10,598
Academic & Professional	**55,940**	52,550
Information	**261**	505
Unallocated	**74,033**	79,757
Total assets	**158,084**	154,033

External revenue by destination — continuing operations

	Source				
	United Kingdom £'000	North America £'000	Australia £'000	India £'000	Total £'000
Destination					
Year ended 28 February 2014					
United Kingdom (country of domicile)	45,925	884	–	–	46,809
North America	4,370	28,687	–	–	33,057
Continental Europe	12,240	46	–	–	12,286
Australasia	170	97	6,365	–	6,632
Middle East and Asia	4,057	–	–	1,477	5,534
Rest of the world	4,907	271	–	–	5,178
Overseas countries	25,744	29,101	6,365	1,477	62,687
Total	**71,669**	**29,985**	**6,365**	**1,477**	**109,496**
Year ended 28 February 2013					
United Kingdom (country of domicile)	44,036	–	–	–	44,036
North America	2,921	28,862	–	–	31,783
Continental Europe	8,164	–	–	–	8,164
Australasia	407	–	5,583	–	5,990
Middle East and Asia	4,737	–	–	294	5,031
Rest of the world	3,316	159	–	–	3,475
Overseas countries	19,545	29,021	5,583	294	54,443
Total	**63,581**	**29,021**	**5,583**	**294**	**98,479**

During the year sales to one customer exceeded 10% of Group revenue (2013: one customer). The value of these sales was £21,507,000 (2013: £14,059,000).

External continuing revenue by product type

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Print	**88,860**	76,935
Digital	**12,175**	10,034
Rights and services[1]	**8,461**	11,510
Total	**109,496**	98,479

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

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

	28 February 2014 £'000	28 February 2013 £'000
United Kingdom (country of domicile)	**58,934**	53,359
North America	**4,962**	4,807
Other	**70**	85
Total	**63,966**	58,251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Operating profit

Operating profit for continuing operations is stated after charging/(crediting) the following amounts:

	Notes	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Purchase of goods and changes in inventories	16	29,355	24,903
Auditor's remuneration (see overleaf)		196	314
Depreciation of property, plant and equipment		624	546
Operating leases		1,328	1,255
Loss on disposal of property, plant and equipment		39	–
Highlighted items (see below)		3,529	2,658
Advance provisions		4,892	5,587
Exchange loss/(gain)		19	(47)
Employee costs	5	23,632	20,722

Highlighted items

	Notes	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Legal and other professional fees		218	76
Restructuring costs		547	342
Business set up costs		–	129
Gain on bargain purchase		–	(210)
Other highlighted items		765	337
Amortisation of intangible assets	13	2,764	2,321
Highlighted items attributable to continuing operations		3,529	2,658
Highlighted items attributable to discontinued operation		–	139
Total highlighted items		3,529	2,797

Highlighted items charged to operating profit comprise significant non-cash charges and 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.

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

Legal and other professional costs of £218,000 were incurred primarily in relation to the acquisitions of Hart Publishing Limited and the trade and assets of New Holland, see note 9 (2013: £76,000 incurred primarily in relation to the acquisitions of Fairchild Books and Applied Visual Arts).

Restructuring costs of £547,000 were incurred as a result of the Group's acquisition activities and the One Global Bloomsbury strategic reorganisation (2013: £342,000 incurred as a result of the Group's acquisition activities).

In the prior year £129,000 was incurred in relation to the set-up of Bloomsbury India and a gain on a bargain purchase of £210,000 was recognised in relation to the acquisition of Fairchild Books.

Amounts payable to KPMG LLP and its associates (2013 to Baker Tilly UK Audit LLP and its associates) in respect of both audit and non-audit services were as follows:

	Year ended 28 February 2014			Year ended 28 February 2013		
	UK	**Overseas**	**Total**	UK	Overseas	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Fees payable to the Company's auditor for the audit of parent company and consolidated financial statements	**105**	**60**	**165**	170	47	217
Fees payable to the Company's auditor and its associates for other services:						
Audit of the Company's subsidiaries pursuant to legislation	**4**	**–**	**4**	–	–	–
Other services pursuant to legislation:						
Interim review	**25**	**–**	**25**	45	–	45
Tax services						
Compliance	**2***	**–**	**2***	35	–	35
Advisory	**–**	**–**	**–**	13	–	13
	136	**60**	**196**	263	47	310
Fees in respect of the defined benefit pension scheme						
Audit	**–**	**–**	**–**	4	–	4
Total	**136**	**60**	**196**	267	47	314

*Paid to Baker Tilly UK Audit LLP, all other amounts payable to KPMG LLP.

5. Staff costs

Staff costs for continuing operations during the year were:

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Salaries	**20,742**	17,577
Social security costs	**1,607**	1,828
Pension costs (see note 22)	**597**	702
Share-based payment charge (see note 21)	**686**	615
Total	**23,632**	20,722

The average monthly number of employees during the year was:

	Number	Number
Editorial, production and selling	**432**	390
Finance and administration	**92**	93
Total	**524**	483

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Staff costs are charged to administrative expenses.

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

Full details concerning Directors' remuneration are set out in the Directors' Remuneration Report on pages 65 to 81.

Total emoluments for Directors and other key management personnel were:

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Short-term employee benefits	**3,639**	3,297
Post-employment benefits	**207**	189
Share-based payment charges	**653**	500
Total	**4,499**	3,986

6. Finance income and finance costs

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Finance income		
Interest on bank deposits	**24**	40
Other interest receivable	**5**	42
Return on pension plan assets (see note 22)	**20**	21
Remeasurements on defined benefit pension plan (see note 22)	**–**	14
Total	**49**	117
Finance costs		
Interest cost on pension obligations (see note 22)	**25**	25
Interest on bank overdraft and loans	**29**	1
Other interest payable	**26**	–
Total	**80**	26

7. Taxation

a) Tax charge for the year

Year ended 28 February 2014	Notes	Continuing operations £'000	Discontinued operation £'000	Total £'000
Current taxation				
UK corporation tax				
Current year		2,076	–	2,076
Adjustment in respect of prior years		(490)	–	(490)
Overseas taxation				
Current year		855	–	855
Adjustment in respect of prior years		6	–	6
		2,447	–	2,447
Deferred tax	15			
UK				
Origination and reversal of temporary differences		(278)	–	(278)
Tax rate adjustment		(268)	–	(268)
Overseas				
Origination and reversal of temporary differences		(125)	–	(125)
		(671)	–	(671)
Total taxation expense		1,776	–	1,776

Year ended 28 February 2013	Notes	Continuing operations £'000	Discontinued operation £'000	Total £'000
Current taxation				
UK corporation tax				
Current year		2,000	–	2,000
Adjustment in respect of prior years		49	213	262
Overseas taxation				
Current year		41	–	41
Adjustment in respect of prior years		(53)	–	(53)
		2,037	213	2,250
Deferred tax	15			
UK				
Origination and reversal of temporary differences		(213)	–	(213)
Tax rate adjustment		(110)	–	(110)
Overseas				
Origination and reversal of temporary differences		315	–	315
		(8)	–	(8)
Total taxation expense		2,029	213	2,242

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b) Factors affecting tax charge for the year

The tax on the Group's profit before tax differs from the standard rate of corporation tax in the United Kingdom of 23.08% (2013: 24.17%). The reasons for this are explained below:

	Year ended 28 February 2014 £'000	Year ended 28 February 2014 %	Year ended 28 February 2013 £'000	Year ended 28 February 2013 %
Profit before taxation	9,479	100.00	9,847	100.00
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.08% (2013: 24.17%)	2,188	23.08	2,380	24.17
Effects of:				
Non-deductible revenue expenditure	(42)	(0.44)	129	1.31
Non-qualifying depreciation	21	0.22	23	0.24
Share-based payment transactions	22	0.23	40	0.41
Movement in unrecognised temporary differences	53	0.56	(237)	(2.41)
Different rates of tax in foreign jurisdictions	318	3.35	411	4.17
Tax losses utilised	(260)	(2.74)	(549)	(5.58)
Movement in deferred tax rate (note 15(a))	(268)	(2.83)	(110)	(1.12)
Adjustment to tax charge in respect of prior years				
Current tax	(484)	(5.11)	(3)	(0.03)
Deferred tax	191	2.02	23	0.24
Tax charge for the year before highlighted and other non-recurring items	1,739	18.34	2,107	21.40
Highlighted and other non-recurring items:				
Disallowable costs incurred on acquisitions, abortive acquisitions and moving head office	37	0.39	18	0.18
Disallowable gain on bargain purchase	–	–	(53)	(0.54)
Utilisation of Bloomsbury Verlag losses in the UK	–	–	(43)	(0.44)
Tax charge for the year	1,776	18.73	2,029	20.60

The £484,000 includes an adjustment to align the prior year Group tax charge with recently submitted tax returns and the write off of old payable balances no longer due.

c) Factors affecting tax charge for future years

The UK current tax rate will be reduced from 23% to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015 in line with previously substantively enacted legislation. The rate applying to UK deferred tax assets and liabilities has also been reduced to 20%, creating a rate adjustment, which is partly reflected in the consolidated income statement and partly in the consolidated statement of changes in equity.

d) Tax effects of components of other comprehensive income

	Before tax 2014 £'000	Tax charge 2014 £'000	After tax 2014 £'000	Before tax 2013 £'000	Tax charge 2013 £'000	After tax 2013 £'000
Remeasurements on the defined benefit pension scheme	(13)	–	(13)	–	–	–
Exchange differences on translating foreign operations	(3,169)	–	(3,169)	1,428	–	1,428
Deferred tax on share-based payments (note 15(a))	–	–	–	–	(20)	(20)
Other comprehensive income	(3,182)	–	(3,182)	1,428	(20)	1,408

8. Dividends

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Amounts paid in the year		
Prior period final 4.56p dividend per share (2013: 4.31p)	**3,326**	3,114
Interim 0.98p dividend per share (2013: 0.94p)	**715**	679
Total dividend payments in the year	**4,041**	3,793
Amounts arising in respect of the year		
Interim 0.98p dividend per share for the year (2013: 0.94p)	**715**	679
Proposed 4.84p final dividend per share for the year (2013: 4.56p)	**3,531**	3,310
Total dividend 5.82p per share for the year (2013: 5.50p)	**4,246**	3,989

The Directors are recommending a final dividend of 4.84 pence per share, which, subject to shareholder approval at the Annual General Meeting, will be paid on 24 September 2014 to shareholders on the register at close of business on 29 August 2013. The ex-dividend date is 27 August 2014.

9. Acquisitions

Hart Publishing

On 2 September 2013 the Group acquired the issued share capital of Hart Publishing Limited ('Hart'), the Oxford-based legal publisher, from the management shareholders. An initial consideration of £6.5 million was paid in cash on completion from Bloomsbury's own cash reserves. A further cash consideration of up to a maximum of £0.5 million is payable on the achievement of certain revenue and title number targets for the period ending 31 March 2014. The Group expects these targets to be met. This is net of a working capital adjustment of £288,000 as the closing working capital was less than the target closing working capital anticipated at the point of acquisition. The acquisition is consistent with Bloomsbury's strategy to increase its proportion of academic and professional revenues to 50% of total sales in five years' time. Around 50% of Hart's revenue is generated outside the UK, thereby increasing Bloomsbury's benefit from the global book market. The acquisition will also enable the Company to further develop its e-book publishing and expand the Bloomsbury Professional digital suite of services.

The table below summarises the fair values to the Group included in the consolidated financial statements of the major categories of assets and liabilities of Hart at the date of acquisition:

Net assets acquired	Book value £'000	Alignment of accounting policy £'000	Fair value adjustments £'000	Total fair value to the Group £'000
Identifiable intangible assets	7	–	2,196	2,203
Property, plant and equipment	17	–	–	17
Inventories	727	(170)	–	557
Trade and other receivables	595	(45)	–	550
Deferred tax liability	–	–	(439)	(439)
Payables and provisions	(670)	(91)	–	(761)
Total net assets acquired	**676**	**(306)**	**1,757**	**2,127**
Goodwill				4,585
Cash consideration				6,500
Working capital adjustment				(288)
Contingent consideration				500
Total cash consideration				**6,712**

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Identifiable intangible assets of £2,196,000 consist of publishing rights of £621,000, imprint of £1,110,000 and customer relationships of £465,000. The publishing rights have a useful life of between 10 and 13 years, imprint 20 years and customer relationships 14 years.

The gross contractual trade receivable at acquisition is £556,000, of which £16,000 is the best estimate of the contractual cash flows that are not expected to be collected.

Transaction costs of £159,000 have been expensed in the year within administrative expenses.

From 2 September 2013, revenue of £1,753,000 and profit attributable to owners of the Company of £538,000 have been included in the consolidated income statement in relation to Hart.

If the acquisition had occurred on 1 March 2013 the revenue and profit attributable to Shareholders of the combined entity from continuing operations for the current year would have been £110,648,000 and £7,738,000 respectively. These pro forma amounts do not include any possible synergies from the acquisition. The pro forma information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

New Holland

On 4 September 2013 the Group acquired the natural history list from New Holland Publishers for an initial consideration of £389,000. A further cash consideration of £50,000 will be payable a year after the acquisition date subject to New Holland providing a complete set of novation agreements in respect of the authors.

Goodwill of £116,000 and intangible assets of £209,000 were recognised on acquisition. The intangible assets consist entirely of publishing rights. The publishing rights have a useful life of 13 years.

Prior year acquisitions

Fairchild Books

On 30 March 2012 the Group acquired the trade and assets of Fairchild Books from Fairchild Fashion Media, a unit of Advance Magazine Publishers Inc, for a cash consideration of £3,823,000 ($6,117,000). This was net of a working capital adjustment of £239,000 ($383,000) as the closing working capital was less than the target closing working capital anticipated at the point of acquisition. The consideration is being paid in cash in three equal annual instalments, commencing at the acquisition date. The acquisition of Fairchild Books makes the Group a market-leading publisher of textbooks and educational resources for students of fashion, merchandising, retailing and interior design.

The table below summarises the fair values to the Group included in the consolidated financial statements of the major categories of assets and liabilities of Fairchild Books at the date of acquisition.

Net assets acquired	Total fair value to the Group £'000
Identifiable intangible assets	1,188
Inventories	2,738
Trade and other receivables	359
Payables and provisions	(252)
Total net assets acquired	**4,033**
Gain on bargain purchase	(210)
Cash consideration	**3,823**

Identifiable intangible assets of £1,188,000 consist of publishing rights of £940,000 and customer relationships of £248,000. The publishing rights have a useful life of 15 years and customer relationships 9 years. A gain of £210,000 as a result of a bargain purchase was recognised within highlighted items in administrative expenses in the prior year consolidated income statement. The transaction resulted in a gain mainly because of the significant adjustment on alignment of the returns policy.

The gross contractual trade receivable at acquisition was £778,000 of which £203,000 was the best estimate of the contractual cash flows that were not expected to be collected.

Transaction costs of £49,000 were expensed in the prior year within administrative expenses.

From 30 March 2012 revenue of £5,177,000 and profit attributable to owners of the Company of £1,876,000 were included in the prior year consolidated income statement in relation to Fairchild Books.

If the acquisition had occurred on 1 March 2012 the revenue and profit attributable to shareholders of the combined entity from continuing operations for the prior year would have been £98,718,000 and £7,759,000 respectively. These pro forma amounts do not include any possible synergies from the acquisition. The pro forma information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

As part of the acquisition, Bloomsbury Publishing Inc. entered into a promissory note and guarantee to pay to Advance Magazine Publishers Inc. $4,333,334 in two annual instalments to satisfy the outstanding consideration on this acquisition. One instalment of $2,166,667 is outstanding at 28 February 2014. Bloomsbury Publishing Plc guaranteed the payment of this amount on behalf of its subsidiary.

Applied Visual Arts

On 29 June 2012 the Group acquired the trade and assets of Applied Visual Arts Publishing ('AVA') from Applied Visual Arts Publishing SA and AVA Publishing (UK) Limited for £1,755,000 (CHF 2,579,000). The consideration is being paid in three equal annual instalments from the date of acquisition. The acquisition of AVA enhances Bloomsbury's Academic & Professional division. AVA is a publisher of textbooks and educational resources for students and professionals in the applied visual arts and has a strong following in the design community.

The table below summarises the fair values to the Group included in the consolidated financial statements of the major categories of assets and liabilities of AVA at the date of acquisition.

Net assets acquired	Total fair value to the Group £'000
Identifiable intangible assets	683
Inventories	574
Trade and other receivables	14
Total net assets acquired	**1,271**
Goodwill	484
Cash consideration	**1,755**

Identifiable intangible assets of £683,000 consist entirely of publishing rights. The publishing rights have a useful life of 10 years. The goodwill arising of £484,000 is attributable to the expected profitability of the acquired business and the synergies expected to arise after the acquisition.

Transaction costs of £27,000 were expensed in the prior year within administrative expenses.

From 29 June 2012 revenue of £824,000 and loss attributable to owners of the Company of £53,000 were included in the prior year consolidated income statement in relation to AVA.

If the acquisition had occurred on 1 March 2012 the revenue and profit attributable to shareholders of the combined entity from continuing operations for the prior year would have been £98,850,000 and £7,833,000 respectively. These pro forma amounts do not include any possible synergies from the acquisition. The pro forma information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

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10. Discontinued operation

On 28 February 2012 the Group contracted to sell its German subsidiary Bloomsbury Verlag GmbH to Pendo Betilligungsgesellschaft mbH, a subsidiary of Bonnier AB. Certain expenses were incurred in the year ended 28 February 2013 relating to an on-going tax enquiry with HMRC. There were no expenses for discontinued operations in the year ended 28 February 2014.

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Revenue	–	–
Expenses excluding highlighted items	–	–
Results from operating activities before highlighted items	**–**	**–**
Highlighted items	–	(139)
Results from operating activities	**–**	**(139)**
Taxation	–	(213)
Loss for the year	**–**	**(352)**
Loss per share - discontinued operation		
Basic loss per share	–	(0.49)p
Diluted loss per share	–	(0.47)p

The entire 2013 loss from the discontinued operations of £352,000 was attributable to the owners of the Company

11. Earnings per share

The basic earnings per share for the year ended 28 February 2014 is calculated using a weighted average number of Ordinary shares in issue of 72,852,467 (2013: 72,331,464) after deducting shares held by the Employee Benefit Trust.

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

	Year ended 28 February 2014 Number	Year ended 28 February 2013 Number
Weighted average shares in issue	**72,852,467**	72,331,464
Dilution	**1,009,084**	2,439,186
Diluted weighted average shares in issue	**73,861,551**	74,770,650
	£'000	£'000
Profit after tax from continuing operations	**7,703**	7,818
Loss after tax from discontinued operation	**–**	(352)
Profit after tax attributable to owners of the Company	**7,703**	7,466
Basic earnings per share	**10.57p**	10.32p
From continuing operations	**10.57p**	10.81p
From discontinued operation	**–**	(0.49)p
Diluted earnings per share	**10.43p**	9.99p
From continuing operations	**10.43p**	10.46p
From discontinued operation	**–**	(0.47)p
	£'000	£'000
Adjusted profit from continuing operations	**10,510**	9,799
Adjusted profit attributable to owners of the Company	**10,510**	9,799
Adjusted basic earnings per share	**14.43p**	13.55p
From continuing operations	**14.43p**	13.55p
Adjusted diluted earnings per share	**14.23p**	13.11p
From continuing operations	**14.23p**	13.11p

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Adjusted profit is derived as follows:

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Profit before tax from continuing operations	9,479	9,847
Amortisation of intangible assets	2,764	2,321
Other highlighted items	765	337
Adjusted profit before tax from continuing operations	13,008	12,505
Tax expense from continuing operations	1,776	2,029
Deferred tax movements on goodwill and acquired intangible assets	582	518
Tax expense on other highlighted items	140	116
Utilisation of Bloomsbury Verlag losses in the UK	–	43
Adjusted tax from continuing operations	2,498	2,706
Adjusted profit from continuing operations	10,510	9,799

The Group includes the benefit of tax amortisation of goodwill and other intangibles as this benefit more accurately aligns the adjusted tax charge with the expected cash tax payments.

12. Goodwill

	28 February 2014 £'000	28 February 2013 £'000
Cost		
At start of year	39,390	38,868
Acquisitions	4,701	484
Revision of cost*	–	(130)
Exchange differences	(327)	168
At end of year	43,764	39,390
Impairment		
At start of year	4,256	4,258
Exchange differences	(3)	(2)
At end of year	4,253	4,256
Net book value		
At end of year	39,511	35,134
At start of year	35,134	34,610

* The revision of cost in 2013 was in respect of the reassessment of the deferred consideration payable for the acquisition of Oxford International Publishers Limited.

Goodwill is not amortised, but instead is subject to annual impairment reviews. Any impairment losses are recognised immediately in the income statement.

Management have aligned the monitoring of goodwill to how it reviews the performance of the business. Goodwill is monitored by management at the publishing division level. 2013 has been restated to reflect the alignment. The following is a summary of goodwill allocation for each publishing division:

	28 February 2014 £'000	28 February 2013 £'000
Adult	4,860	4,922
Children's & Educational	4,573	4,720
Academic & Professional	30,078	25,492
Information	–	–
Total	39,511	35,134

Impairment testing

The recoverable amount of the Group's goodwill has been considered with regard to value in use calculations. These calculations use the pre-tax future cash flow projections of each cash generating unit ('CGU') based on the Board's approved budgets for the year ended 28 February 2015 and the Board approved five-year plan. The calculations include a terminal value based on the projections for the final year of the five-year plan with a long-term growth rate assumption applied.

The key assumptions for calculating value in use are:

	Discount rates 2014 %	Revenue growth 2014 %	Long-term growth rate 2014 %
Adult	6.5	(1.3)–2.5	2.5
Children's & Educational	7.5	6.2–9.5	2.5
Academic & Professional	6.5	5.1–6.8	2.5
Information	10.0	7.4–8.9	2.5

The key assumptions for calculating value in use for the 2013 financial year were:

	Discount rates 2013 %	Revenue growth 2013 %	Long-term growth rate 2013 %
A&C Black	9.2	3.7	2.4
Continuum International	9.2	4.3	2.4
Bloomsbury Professional	9.2	8.4	2.4
Other UK business units	6.7 – 9.4	0.2 – 6.9	2.4
Other US business units	9.7 – 10.4	0.8 – 7.9	2.4

Discount rates

The discount rates applied to the cash flows are calculated using a pre-tax rate based on the weighted average cost of capital for the Group. This is adjusted for risks specific to the market in which the CGU operates. The Group has considered the impact of the current economic climate in determining appropriate discount rates.

Growth rates

Growth rates have been calculated on those applied to the Board approved budget for the year ended 28 February 2015 and five-year plan. They incorporate future expectations of growth in backlist revenues and identified new revenue streams.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Long-term growth rates

The five-year forecasts are extrapolated to perpetuity on the basis that the relevant CGUs are long established business units.

Gross margin

Gross margins have been based on historic performance and expected changes to the sales mix in future periods.

Sensitivity

The Group has not identified any reasonably possible changes to key assumptions that would cause the carrying value of goodwill of any CGU to exceed its recoverable amount.

13. Other intangible assets

	Publishing rights £'000	Trademarks £'000	Imprints £'000	Subscriber and customer relationships £'000	Order backlog £'000	Product and systems development £'000	Assets under construction £'000	Total £'000
Cost								
At 1 March 2012	12,338	113	3,186	3,626	141	2,279	–	21,683
Acquisitions	1,623	–	–	248	–	–	–	1,871
Additions	–	–	–	–	–	2,366	–	2,366
Disposals	–	–	–	–	(141)	–	–	(141)
Exchange differences	93	6	–	14	–	–	–	113
At 28 February 2013	14,054	119	3,186	3,888	–	4,645	–	25,892
Acquisitions	830	–	1,110	465	–	7	–	2,412
Additions	–	–	–	–	–	936	748	1,684
Transfers	–	–	–	–	–	128	(128)	–
Exchange differences	(135)	(11)	–	(24)	–	(11)	–	(181)
At 28 February 2014	**14,749**	**108**	**4,296**	**4,329**	**–**	**5,705**	**620**	**29,807**
Amortisation								
At 1 March 2012	1,993	–	332	802	141	262	–	3,530
Disposals	–	–	–	–	(141)	–	–	(141)
Charge for the year	1,168	–	140	314	–	699	–	2,321
Exchange differences	70	–	–	1	–	–	–	71
At 28 February 2013	3,231	–	472	1,117	–	961	–	5,781
Charge for the year	1,231	–	163	316	–	1,054	–	2,764
Exchange differences	(46)	–	–	(2)	–	–	–	(48)
At 28 February 2014	**4,416**	**–**	**635**	**1,431**	**–**	**2,015**	**–**	**8,497**
Net book value								
At 28 February 2014	**10,333**	**108**	**3,661**	**2,898**	**–**	**3,690**	**620**	**21,310**
At 28 February 2013	10,823	119	2,714	2,771	–	3,684	–	20,111

14. Property, plant and equipment

	Short leasehold improvements £'000	Furniture and fittings £'000	Computers and other office equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 March 2012	2,391	385	1,418	126	4,320
Additions	269	32	188	37	526
Exchange differences	1	1	9	2	13
At 28 February 2013	2,661	418	1,615	165	4,859
Acquisitions	–	4	13	–	17
Additions	83	352	391	13	839
Disposals	(14)	(7)	(162)	(12)	(195)
Exchange differences	(7)	(24)	(27)	(11)	(69)
At 28 February 2014	**2,723**	**743**	**1,830**	**155**	**5,451**
Depreciation					
At 1 March 2012	132	199	843	126	1,300
Charge for the year	270	32	240	4	546
Exchange differences	1	–	6	–	7
At 28 February 2013	403	231	1,089	130	1,853
Disposals	(14)	(3)	(126)	(13)	(156)
Charge for the year	279	73	263	9	624
Exchange differences	(1)	(2)	(10)	(2)	(15)
At 28 February 2014	**667**	**299**	**1,216**	**124**	**2,306**
Net book value					
At 28 February 2014	**2,056**	**444**	**614**	**31**	**3,145**
At 28 February 2013	2,258	187	526	35	3,006

The depreciation charge was included in administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Deferred tax assets and liabilities

a) Recognised deferred tax assets and liabilities

Deferred tax is calculated in full on temporary differences using the tax rate appropriate to the jurisdiction in which the asset or liability arises and the tax rates that are expected to apply in the periods in which the asset or liability is settled.

Movement in temporary differences during the year:

	Tax losses £'000	Property, plant and equipment £'000	Retirement benefit obligation £'000	Share-based payments £'000	Intangible assets £'000	Other £'000	Total £'000
At 29 February 2012	1,476	(17)	56	270	(3,608)	422	(1,401)
(Charge)/credit to the income statement	(697)	(84)	(10)	(17)	468	348	8
Charge to other comprehensive income	–	–	–	(20)	–	–	(20)
Exchange differences	23	–	–	–	–	27	50
At 28 February 2013	802	(101)	46	233	(3,140)	797	(1,363)
Recognised on acquisition	–	–	–	–	(439)	–	(439)
(Charge)/credit to the income statement	137	(19)	(5)	(37)	582	13	671
Credit to equity	–	–	–	151	–	–	151
Exchange differences	(14)	1	–	–	–	(89)	(102)
At 28 February 2014	**925**	**(119)**	**41**	**347**	**(2,997)**	**721**	**(1,082)**

Due to changes in the statutory tax rate in the UK, deferred tax is provided at 20% (2013: 23%) which is the rate that has been substantively enacted to apply from 1 April 2015. The impact of the change in tax rate is a credit of £263,000 (2013: £105,000), of which £268,000 (2013: £110,000) has been recognised in the deferred tax charge in the consolidated income statement and the remainder recognised in the consolidated statement of changes in equity.

Deferred tax assets in respect of losses are only recognised to the extent that it is anticipated they will be utilised in the foreseeable future.

b) The analysis for financial reporting purposes is as follows:

	28 February 2014 £'000	28 February 2013 £'000
Deferred tax assets	**2,095**	1,943
Deferred tax liabilities	**(3,177)**	(3,306)
Total	**(1,082)**	(1,363)

c) Unrecognised deferred tax assets

The Group had deferred tax assets not recognised in the financial statements as follows:

	28 February 2014 £'000	28 February 2013 £'000
Unused tax losses	598	994
Non-trading losses	425	541
Total	**1,023**	1,535

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 financial statements as it is not sufficiently certain that future taxable profits will be available against which the Group can utilise the losses.

The gross tax losses on which no deferred asset has been recognised were £2,989,000 (2013: £4,320,000). This relates to tax losses for a subsidiary in the UK. These losses can be carried forward indefinitely.

At 28 February 2014 the Group had non-trading losses of approximately £2,126,000 (2013: £2,352,000). A deferred tax asset has not been recognised in respect of non-trading losses carried forward as it is not clear whether sufficient non-trading income against which the losses may be offset will arise in the Group in the foreseeable future.

Deferred tax is not provided on unremitted earnings of subsidiaries where the Group controls the timing of remittance and it is probable that the temporary difference will not reverse in the foreseeable future.

16. Inventories

	28 February 2014 £'000	28 February 2013 £'000
Raw materials	–	76
Work in progress	6,938	7,941
Finished goods for resale	18,265	17,567
Total	**25,203**	25,584

The cost of inventories recognised as cost of sales amounted to £24,121,000 (2013: £20,689,000). The provision and write down of inventories to net realisable value recognised in cost of sales amounted to £5,234,000 (2013: £4,214,000).

17. Trade and other receivables

	28 February 2014 £'000	28 February 2013 £'000
Gross trade receivables	32,133	29,900
Less provision for impairment of receivables	(498)	(815)
Less provision for returns	(4,749)	(5,347)
Net trade receivables	26,886	23,738
Income tax recoverable	584	–
Other receivables	1,464	1,612
Prepayments and accrued income	27,849	28,280
Total trade and other receivables	**56,783**	53,630

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As at 28 February 2014 £5,120,000 (2013: £4,403,000) of other receivables are expected to be recovered after more than 12 months.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values. The Group's exposure to credit and currency risks is disclosed in note 23. Trade receivables principally comprise amounts receivable from the sale of books due from distributors. The average number of days' credit taken for sales of books by the Group was 97 days (2013: 100 days).

The majority of trade debtors are secured by credit insurance and in certain territories by overseas third party distributors.

A provision for impairment of trade receivables is made with reference to specific debts, past default experience, trading history and the current economic environment. Movements on the Group provision for impairment of trade receivables are as follows:

	28 February 2014 £'000	28 February 2013 £'000
At start of year	**815**	655
Amounts utilised	**(285)**	(76)
Amounts released	**(255)**	(253)
Assumed in a business combination	**16**	204
Exchange adjustments	**(8)**	10
Amounts created	**215**	275
At end of year	**498**	815

A provision for the return of books by customers is made with reference to the historical rate of returns. Movements on the Group provision for returns are as follows:

	28 February 2014 £'000	28 February 2013 £'000
At start of year	**5,347**	4,704
Amounts utilised	**(14,499)**	(12,686)
Amounts released	**(247)**	–
Assumed in a business combination	**55**	217
Exchange adjustments	**(362)**	175
Amounts created	**14,455**	12,937
At end of year	**4,749**	5,347

18. Trade and other payables

	28 February 2014 £'000	28 February 2013 £'000
Non-current		
Other payables	**566**	2,548
Current		
Trade payables	**13,698**	12,039
Taxation and social security	**632**	550
Other payables	**3,355**	4,091
Accruals	**15,701**	12,868
Deferred income	**1,840**	2,031
Total current trade and other payables	**35,226**	31,579
Total trade and other payables	**35,792**	34,127

Trade payables are non-interest bearing and are normally settled on terms of between 30 and 90 days. Non-current other payables include the authors' share of rights receivable.

19. Provisions

	Property £'000	Contingent consideration £'000	Total £'000
At 1 March 2013	57	377	434
Utilised in the year	(50)	–	(50)
Created in the year	59	500	559
At 28 February 2014	**66**	**877**	**943**
Non-current	43	377	420
Current	23	500	523

The property provision includes amounts provided for onerous lease commitments and dilapidations. The timing of cash flows for onerous lease commitments is dependent on the terms of the leases.

The Group acquired Oxford International Publishers Limited (t/a Berg Publishers) in 2008. The contingent consideration arrangement is based on average revenues for the Berg Fashion element of the business and is payable based on results for the years ended 28 February 2015 and 29 February 2016. The maximum potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is £1,000,000, of which £377,000 has been recognised at 28 February 2014.

The Group acquired Hart Publishing Limited in 2013. The contingent consideration arrangement is based on the achievement of certain revenue and title number targets for the period ending 31 March 2014. The maximum potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is £500,000, of which £500,000 has been recognised at 28 February 2014 (see note 9).

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20. Share capital and other reserves

Share capital

	28 February 2014 £'000	28 February 2013 £'000
Authorised:		
98,459,604 Ordinary Shares of 1.25p each (2013: 98,459,604 Ordinary Shares of 1.25p each)	**1,231**	1,231
Allotted, called up and fully paid:		
73,844,724 Ordinary Shares of 1.25p each (2013: 73,844,724 Ordinary Shares of 1.25p each)	**924**	924

The Company has one class of Ordinary Share which carries equal voting rights and no contractual right to receive payment. No shares are held by the Company as Treasury shares. Directors and other employees of the Group have been granted options to purchase 2,626,077 (2013: 2,789,306) Ordinary Shares with an aggregate nominal value of £32,826 (2013: £34,866) (note 21).

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial information of foreign operations.

Capital redemption reserve

The capital redemption reserve arose on the purchase by the Company of its own shares and comprises the amount by which the distributable profits were reduced on these transactions.

Share-based payment reserve

The share-based payment reserve comprises cumulative amounts charged in respect of employee share-based payment arrangements which have not yet been settled by means of an award of shares to an individual.

Own shares held by Employee Benefit Trust

The Employee Benefit Trust ('EBT') is an independent discretionary trust established to acquire issued shares of the Company to satisfy any of the share-based incentive schemes (see note 21) and plans of the Company. All employees of the Group are potential beneficiaries of the EBT. The results and net assets of the EBT are included in the consolidated financial statements of the Group.

During the year ended 28 February 2014 327,824 shares held by the EBT were used to satisfy share option exercises under the Bloomsbury Performance Share Plan (see note 21). 39,245 EBT shares were used to satisfy the dividends due on the vested shares exercised.

The market value of the 898,244 shares of the Company held at 28 February 2014 (2013: 1,265,313) in the EBT was £1,590,000 (2013: £1,316,000). 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 per cent of the issued share capital without prior approval of the Shareholders.

As at the date of signing this Annual Report, the Trust held 898,244 Ordinary Shares of 1.25 pence, being approximately 1.2% of the issued Ordinary Share capital.

Retained earnings

The retained earnings reserve comprises profit for the year attributable to owners of the Company and other items recognised through other comprehensive income and directly through equity as presented on the consolidated statement of changes in equity.

21. Share-based payments

Options over shares of the ultimate parent undertaking, Bloomsbury Publishing Plc, have been granted to employees of the Group under various schemes.

The total share-based payment charge to the income statement for the year was as follows:

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Equity settled share-based transactions	597	547
Cash settled share-based transactions	89	68
Total	686	615

National Insurance contributions are payable by the Company in respect of some of the share-based payment transactions. These contributions are payable on the date of exercise based on the intrinsic value of the share-based payments and are therefore treated as cash settled awards. The Group had an accrual for National Insurance at 28 February 2014 of £48,000 (2013: £68,000), of which none related to vested options.

a) The 1994 Approved Executive Share Option Schemes ('*Approved 1994 ESOS*')

All Approved 1994 ESOS options outstanding at 28 February 2014 and 28 February 2013 have vested. No options have been granted under the scheme since 2004.

Grants under the Approved 1994 ESOS were made on an annual basis to selected employees, with the exercise price of options being not 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 Scheme. If options remain unexercised after a period of ten years from the date of the grant or if (except in certain circumstances) the employee leaves the Group, the options lapse.

	2014 Number	Weighted average exercise price 2014 Pence	2013 Number	Weighted average exercise price 2013 Pence
Outstanding at start of year	37,560	186	37,560	186
Lapsed during the year	(33,560)	179	–	–
Outstanding at end of year	4,000	250	37,560	186
Exercisable at end of year	4,000	250	37,560	186

	2014	2013
Range of exercise price of outstanding options (pence)	249.5	178.7–249.5
Weighted average remaining contracted life (months)	1	3
Expense recognised for the year (£'000)	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b) The Bloomsbury Performance Share Plan 2005 ('the PSP')

The Group operates the PSP for Directors and senior employees. Awards under the scheme are granted as conditional share awards. The number of Ordinary Shares comprised in an award is calculated using a share value equal to either the average middle-market price of the Ordinary Share for the five dealing days immediately preceding the award date or the middle-market price on the dealing day before the award date.

The vesting period is three years and the level of vesting is subject to the achievement of Earnings Per Share ('EPS') and Total Shareholder Return ('TSR') performance conditions. For details of the performance conditions see the Directors' Remuneration Report on pages 65 to 81. Awards are not exercisable after the vesting date and awards that vest on the vesting date are automatically exercised. Except in certain circumstances awards lapse if the employee leaves the Group.

	2014 Number	2013 Number
Outstanding at start of year	2,454,206	2,420,768
Granted during the year	581,693	864,330
Exercised during the year	(327,824)	(299,982)
Lapsed during the year	(345,358)	(530,910)
Outstanding at end of year	2,362,717	2,454,206
Exercisable at end of year	–	–

	2014	2013
Range of exercise price of outstanding awards (pence)	–	–
Weighted average remaining contracted life (months)	20	21
Expense recognised for the year (£'000)	671	604

The share awards granted in the year to 28 February 2014 have been measured by New Bridge Street Consultants. The TSR element has been measured using the Stochastic model and the EPS element has been measured using the Black–Scholes model. The inputs were:

Performance condition	Earnings Per Share	Total Shareholder Return
Share price	171.63 pence	171.63 pence
Exercise price	–	–
Expected term	3 years	3 years
Expected volatility	n/a	25.17%
Risk free interest rate	n/a	0.73%
Fair value charge per award	171.63 pence	109.58 pence

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 performance period. Half of each award is subject to an EPS performance condition (which is not factored into the valuation). Half of each award 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. A median ranking results in 30% of shares subject to this performance condition vesting, rising to 100% for a top quartile ranking. The discount for this TSR condition is calculated at the date of grant using the Stochastic model.

c) Bloomsbury Sharesave Plan 2005

The Group operates an HM Revenue and Customs approved savings related share option scheme under which employees are granted options to purchase Ordinary Shares in the Company in three, 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 all UK employees.

	2014 Number	Weighted average exercise price 2014 Pence	2013 Number	Weighted average exercise price 2013 Pence
Outstanding at start of year	297,540	98	175,191	98
Granted during the year	–	–	122,349	98
Lapsed during the year	(38,180)	98	–	–
Outstanding at end of year	259,360	98	297,540	98
Exercisable at end of year	–	–	–	–

	2014	2013
Range of exercise price of outstanding options (pence)	97.75 – 98.18	97.75 – 98.18
Weighted average remaining contracted life (months)	11	23
Expense recognised for the year (£'000)	15	11

22. Retirement benefit obligations

Pension costs

The pension costs charged to the income statement of £602,000 (2013: £692,000) relate to the Group's defined contribution and defined benefit pension arrangements.

Defined contribution plans

The Group operates defined contribution retirement benefit plans for all qualifying employees.

The total cost charged to the income statement of £597,000 (2013: £702,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. At 28 February 2014 there were no prepaid contributions (2013: nil).

Defined benefit plan

A subsidiary company operates a defined benefit scheme for some staff which is accounted for in accordance with IAS 19. Accrual of benefits ceased in 1997, with the scheme now operated as a closed fund. There is no obligation in respect of medical costs. The scheme is actuarially valued every three years. The last full actuarial valuation was carried out as at 29 February 2012 and updated to 28 February 2014 by a qualified independent actuary.

Contributions are paid by the employer at the rate of £1,725 per month, plus expenses as and when required. Contributions paid to the scheme during the year were £34,000 (2013: £31,000). The Directors' best estimate of the contribution to be paid for in the year ending 28 February 2015 is £33,000.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	28 February 2014	28 February 2013	29 February 2012	28 February 2011	31 December 2009
Discount rate	**4.40%**	4.50%	4.50%	5.50%	5.70%
Inflation assumption	**3.40%**	2.55–3.30%	2.35–3.10%	3.50%	3.50%

The scheme is closed and there are no active paying members, therefore no increases in payments have been applied. The assumptions used are estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily occur in practice.

Mortality rate assumptions follow the PnxA00 table with long cohort improvements subject to a minimum 1.0% per annum improvement. The mortality assumptions adopted at the end of the reporting period imply the following remaining life expectancies at age 65:

	28 February 2014 Years	28 February 2013 Years
Male currently aged 45	**25.5**	25.4
Female currently aged 45	**27.9**	27.8
Male currently aged 65	**23.5**	23.4
Female currently aged 65	**26.0**	25.9

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

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Interest cost	**(25)**	(25)
Return on pension plan assets	**20**	21
Remeasurement gains	**–**	14
Expenses	**(12)**	(12)
Total	**(17)**	(2)

A charge of £25,000 (2013: £25,000) has been included in finance costs and a credit of £20,000 (2013: £35,000) has been included in finance income.

FINANCIAL STATEMENTS

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

	28 February 2014 £'000	28 February 2013 £'000
Fair value of assets (with profit policy)	464	451
Present value of funded scheme liabilities	(588)	(579)
Retirement benefit obligations (net liability)	(124)	(128)
Deferred tax assets	25	29
Total	(99)	(99)
Analysis for reporting purposes:		
Non-current liabilities	(124)	(128)
Deferred tax assets	25	29

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

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
At start of year	(579)	(568)
Expenses	(12)	(12)
Interest cost	(25)	(25)
Benefits paid and expenses	39	29
Remeasurement losses	(11)	(3)
At end of year	(588)	(579)

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

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
At start of year	451	411
Return on scheme assets	20	21
Remeasurement (losses)/gains	(2)	17
Employer contributions	34	31
Benefits paid and expenses	(39)	(29)
At end of year	464	451

The actual return on scheme assets was a gain of £18,000 (2013: gain of £38,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The history of experience adjustments is as follows:

	28 February 2014 £'000	28 February 2013 £'000	29 February 2012 £'000	28 February 2011 £'000	31 December 2009 £'000
Present value of defined benefit obligations	**(588)**	(579)	(568)	(516)	(480)
Fair value of scheme assets	**464**	451	411	421	389
Deficit in scheme	**(124)**	(128)	(157)	(95)	(91)
Experience (losses)/gains on scheme assets:					
Amount (£'000)	**(2)**	17	1	4	(28)
Percentage of scheme assets	**(0.4%)**	3.8%	0.2%	1.0%	(7.0%)
Experience (losses)/gains on scheme liabilities:					
Amount (£'000)	**(1)**	3	(4)	6	1
Percentage of the scheme liabilities	**–**	0.5%	(0.8%)	1.0%	–

23. Financial instruments and risk management

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to Shareholders as well as sustaining the future development of the business. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders and issue new shares. The Group's overall strategy remains unchanged from 2013.

The capital structure of the Group comprises equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity and note 20.

Categories of financial instruments

	Notes	28 February 2014 £'000	28 February 2013 £'000
Loans and receivables			
Cash and cash equivalents		**10,037**	14,625
Trade receivables	17	**26,886**	23,738
Accrued income		**4,048**	4,604
Rights income receivable		**1,559**	1,289
Total loans and receivables		**42,530**	44,256
Financial liabilities measured at amortised cost			
Trade payables	18	**13,698**	12,039
Other payables due in less than one year		**3,987**	6,672
Other payables due in more than one year	18	**566**	2,548
Accruals	18	**15,701**	12,868
Total financial liabilities measured at amortised cost		**33,952**	34,127
Financial liabilities measured at fair value			
Contingent consideration	19	**877**	377
Total financial liabilities measured at fair value		**877**	377
Net financial instruments		**7,701**	9,752

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

The contingent consideration is measured in accordance with Level 3 valuation techniques (which use inputs which have a significant effect on the recorded fair value that are not based on observable market data).

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance from the key risks of market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

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

The treasury management policies and procedures focus on the investment of surplus operating cash likely to be needed in order to support Bloomsbury's on-going operations, foreign currency requirements and interest rate risk management. The Group does not use derivative contracts for speculative purposes. The policies are reviewed at least on an annual basis by the Group Finance Director and any amendments are approved by the Board. The Board is assisted in its oversight role by Internal Audit, who undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

a) Market risk

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

The Group's activities expose it mainly to the financial risks of changes in foreign currency exchange rates and changes in interest rates. The Group incurs costs in the same currencies as it earns revenue, creating some degree of natural hedging.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by Group Treasury under policies approved by the Board of Directors. Group Treasury monitors the distribution of its cash assets so as to control exposure to the relative performance of any particular territory, currency or institution.

The Board provides written principles for overall risk management, as well as policies covering specific areas, such as funding, foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(i) Interest rate risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Interest rate profile of financial assets

	28 February 2014 £'000	28 February 2013 £'000
Variable rate financial assets	**9,237**	14,078
Fixed rate financial assets	**800**	547
Total	**10,037**	14,625

Fixed rate financial assets are short-term bank deposits with a maturity date range of one day to one month.

Variable rate financial assets are cash at bank. The average rate of interest during the year was 0.2% (2013: 0.3%). The Group had no interest-bearing financial liabilities at 28 February 2014 or 28 February 2013.

Fair value sensitivity analysis for fixed rate financial assets

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore a change in interest rates at 28 February 2014 would not affect the income statement.

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. The analysis assumes all other variables remain constant.

	28 February 2014 £'000	28 February 2013 £'000
Impact on profit and equity		
1% increase in base rate of interest (2013: 1%)	**100**	146
0.5% decrease in base rate of interest (2013: 0.5%)	**(50)**	(73)

(ii) Currency risk

The Directors believe that in its current circumstances the Group's risk from foreign currency exposure is limited and no active currency risk management by hedging is considered necessary, as a significant proportion of revenues are matched by expenditure in the same local currency creating some degree of natural hedging.

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	Loans and receivables		Financial liabilities	
	28 February 2014 £'000	28 February 2013 £'000	28 February 2014 £'000	28 February 2013 £'000
GBP	**26,937**	28,401	**22,893**	22,673
USD	**11,139**	12,184	**8,949**	8,838
EURO	**1,039**	903	**513**	60
AUD	**2,621**	2,530	**2,373**	2,383
INR	**794**	238	**101**	173
Total	**42,530**	44,256	**34,829**	34,127

No significant amounts of loans and receivables or financial liabilities are denominated in currencies other than sterling, US dollars, Euros, Australian dollars and Indian rupees.

Foreign currency sensitivity analysis

The Group derived the following sensitivities based on the outstanding foreign currency denominated financial assets and liabilities at the year end. The sensitivity analysis includes loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower.

The use of a 10% sensitivity rate has been determined based on the effect of the market volatility in exchange rates between the current and previous year end, and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit or equity.

	28 February 2014 £'000	28 February 2013 £'000
Impact on equity		
10% weakening in US dollar against pound sterling (2013: 10%)	**(199)**	(304)
10% strengthening in US dollar against pound sterling (2013: 10%)	**243**	372
10% weakening in Euro against pound sterling (2013: 10%)	**(48)**	(77)
10% strengthening in Euro against pound sterling (2013: 10%)	**58**	94
10% weakening in AUS dollar against pound sterling (2013: 10%)	**(23)**	(13)
10% strengthening in AUS dollar against pound sterling (2013: 10%)	**28**	16
10% weakening in INR against pound sterling (2013: 10%)	**(63)**	(6)
10% strengthening in INR against pound sterling (2013: 10%)	**77**	7
Impact on income statement		
10% weakening in US dollar against pound sterling (2013: 10%)	**(28)**	(67)
10% strengthening in US dollar against pound sterling (2013: 10%)	**35**	82
10% weakening in Euro against pound sterling (2013: 10%)	**(48)**	(77)
10% strengthening in Euro against pound sterling (2013: 10%)	**58**	94
10% weakening in AUS dollar against pound sterling (2013: 10%)	**–**	–
10% strengthening in AUS dollar against pound sterling (2013: 10%)	**–**	–
10% weakening in INR against pound sterling (2013: 10%)	**–**	–
10% strengthening in INR against pound sterling (2013: 10%)	**–**	–

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and rights revenue receivables.

The carrying amount of financial assets represents the maximum credit exposure. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on trading experience and the current economic environment. An analysis of the relevant provisions is set out in note 17.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings as 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 defines counterparties as having similar characteristics if they are related entities.

The Group has a significant concentration of credit risk due to its use of third party distributors. Credit limits for the final customers are set by the distributors based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The distributors belong to established international groups whose business includes a number of publishing interests and clients. The Group's risk is limited as significant amounts outstanding through the UK distributors are secured by credit insurance and in the US credit risk for significant amounts outstanding through distributors rests with the distributor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

c) Liquidity risk

The Directors do not consider that the Group currently has a significant 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 and money market deposits.

The Group has an unsecured revolving credit facility with Lloyds Bank plc. At 28 February 2014 the Group had at its disposal £12 million of undrawn borrowing facilities (2013: £12 million) comprised of a £10 million committed revolving loan facility and a £2 million overdraft. The overdraft facility is available until November 2014 and the loan facility matures in July 2016. The facility is subject to two covenants being a maximum net debt to EBITDA ratio and a minimum interest cover covenant.

The Group's financial liabilities are trade payables, accruals, other payables and contingent consideration as shown above. Apart from the identified other payables due after one year and £377,000 of the contingent consideration in respect of Oxford International Publishers Limited due in after one year (see note 19), all other financial liabilities are due within one year.

24. Operating leases

At 28 February 2014 the Group had the following outstanding commitments under non-cancellable operating leases:

	28 February 2014 £'000	28 February 2013 £'000
Within one year	**1,238**	1,245
Later than one year and less than five years	**4,989**	4,740
After more than five years	**4,555**	6,144
Total	**10,782**	12,129

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 11 years. The lease at the headquarters in Bedford Square is for a period of 20 years from January 2010 with an option to break the lease at the tenth year. The operating leases over vehicles are in respect of company cars driven by certain employees. The lease terms are for an average of three years. The operating leases over equipment are in respect of office equipment. The lease terms are for an average of three years.

25. Commitments and contingent liabilities

a) Capital commitments

	28 February 2014 £'000	28 February 2013 £'000
Property, plant and equipment	–	145

b) Other commitments

The Group is committed to paying royalty advances to authors, for books yet to be delivered under publishing contracts, in subsequent financial years. At 28 February 2014 this commitment amounted to £15,251,000 (2013: £14,958,000).

c) Guarantees

The Company and certain of its subsidiaries have guarantees to Lloyds Bank plc in place relating to the Group's borrowing facilities, see note 23c.

26. Related party transactions

The Group has no related party transactions other than key management remuneration as disclosed in note 5.

27. Investments in subsidiary companies

The principal subsidiary companies at 28 February 2014 are:

	Country of incorporation	Proportion of equity capital held	Nature of business during the year
Subsidiary undertakings held directly by Bloomsbury Publishing Plc:			
A.& C. Black Plc	England and Wales	100%	Intermediate holding company
Bloomsbury Publishing Inc	USA	100%	Publishing
Bloomsbury Information Limited	England and Wales	100%	Publishing
Bloomsbury Professional Limited	England and Wales	100%	Publishing
Bloomsbury Australia PTY Limited	Australia	100%	Publishing
The Continuum International Publishing Group Limited	England and Wales	100%	Publishing
Hart Publishing Limited	England and Wales	100%	Publishing
Subsidiary undertakings held through a subsidiary company:			
A & C Black Publishers Limited	England and Wales	100%	Publishing
Christopher Helm (Publishers) Limited	England and Wales	100%	Publishing
Oxford International Publishers Limited t/a Berg Publishers	England and Wales	100%	Publishing
Berg Fashion Library Limited	England and Wales	100%	Publishing
John Wisden & Co Limited	England and Wales	100%	Publishing
The Continuum International Publishing Group Inc	USA	100%	Publishing
Bloomsbury Publishing India Private Limited	India	100%	Publishing

All subsidiary undertakings are included in the consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 February 2014 the following subsidiary companies were entitled to exemption from audit under section 479A of the Companies Act 2006:

Subsidiary name	Company number
Bloomsbury Information Limited	06409758
Bloomsbury Professional Limited	05233465
The Continuum International Publishing Group Limited	03833148
A & C Black Publishers Limited	00189153
Christopher Helm (Publishers) Limited	01953639
Oxford International Publishers Limited t/a Berg Publishers	03143617
Berg Fashion Library Limited	05728582
John Wisden & Co Limited	00135590
Hart Publishing Limited	03307205
A. & C. Black Plc	00137664
A. & C. Black (Distribution) Limited	01173390
A. & C. Black (Storage) Limited	01173530
Adlard Coles Limited	01365068
Alphabooks Limited	01452937
Bloomsbury Media Limited	06413337
Bloomsbury Book Publishing Company Limited	03830397
F. Lewis (Publishers) Limited	00260498
Featherstone Education Limited	03757518
Hambledon and London Limited	03548552
Herbert Press Limited	01070933
John Wisden (Holdings) Limited	06260133
Methuen Drama Limited	00185139
Nautical Publishing Company Limited	00920822
Reed's Almanac Limited	03671435
Sheffield Academic Press Limited	02079570
T&T Clark Limited	SC130999
The Athlone Press Limited	01519497
Thoemmes Limited	02034114

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2014 COMPANY NUMBER 01984336

	Notes	28 February 2014 £'000	28 February 2013 £'000
Assets			
Intangible assets	30	**1,869**	2,016
Property, plant and equipment	31	**2,494**	2,764
Investments in subsidiary companies	32	**60,949**	54,237
Deferred tax assets	33	**362**	249
Trade and other receivables	35	**11,593**	11,609
Total non-current assets		**77,267**	70,875
Inventories	34	**4,508**	4,170
Trade and other receivables	35	**43,842**	37,640
Cash and cash equivalents		**5,085**	8,750
Total current assets		**53,435**	50,560
Total assets		**130,702**	121,435
Liabilities			
Deferred tax liabilities	33	**152**	153
Provisions	37	**20**	–
Other payables	36	**566**	524
Total non-current liabilities		**738**	677
Trade and other payables	36	**42,685**	35,312
Provisions	37	**500**	–
Current tax liabilities		**1,019**	1,098
Total current liabilities		**44,204**	36,410
Total liabilities		**44,942**	37,087
Net assets		**85,760**	84,348
Equity			
Share capital	38	**924**	924
Share premium		**39,388**	39,388
Other reserves	38	**4,604**	4,007
Retained earnings	38	**40,844**	40,029
Total equity attributable to owners of the Company		**85,760**	84,348

The Company financial statements were approved by the Board of Directors and authorised for issue on 11 June 2014.

W Pallot
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Retained earnings £'000	Total £'000
At 29 February 2012	924	39,388	22	3,438	42,549	86,321
Profit for the year and total comprehensive income for the year	**–**	**–**	**–**	**–**	**1,293**	**1,293**
Transactions with owners						
Dividends to equity holders of the Company	–	–	–	–	(3,793)	(3,793)
Share-based payment transactions	–	–	–	547	–	547
Deferred tax on share-based payment transactions	–	–	–	–	(20)	(20)
Total transactions with owners of the Company	**–**	**–**	**–**	**547**	**(3,813)**	**(3,266)**
At 28 February 2013	**924**	**39,388**	**22**	**3,985**	**40,029**	**84,348**
Profit for the year and total comprehensive income for the year	**–**	**–**	**–**	**–**	**4,705**	**4,705**
Transactions with owners						
Dividends to equity holders of the Company	–	–	–	–	(4,041)	(4,041)
Share-based payment transactions	–	–	–	597	–	597
Deferred tax on share-based payment transactions	–	–	–	–	151	151
Total transactions with owners of the Company	**–**	**–**	**–**	**597**	**(3,890)**	**(3,293)**
At 28 February 2014	**924**	**39,388**	**22**	**4,582**	**40,844**	**85,760**

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2014

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Cash flows from operating activities		
Profit before tax	5,411	2,090
Finance income	(77)	(294)
Finance costs	46	–
Operating profit	5,380	1,796
Adjustments for:		
Depreciation of property, plant and equipment	434	417
Amortisation of intangible assets	612	512
Share-based payment charges	238	234
	6,664	2,959
(Increase)/decrease in inventories	(338)	219
Increase in trade and other receivables	(5,811)	(260)
Increase in trade and other payables	7,991	758
Cash generated from operations	8,506	3,676
Income taxes paid	(734)	(259)
Net cash generated from operating activities	7,772	3,417
Cash flows from investing activities		
Purchase of property, plant and equipment	(164)	(410)
Purchase of businesses	(6,798)	–
Purchases of intangible assets	(465)	(671)
Proceeds from sale of businesses	–	2,158
Interest received	77	294
Net cash (used in)/received from investing activities	(7,350)	1,371
Cash flows from financing activities		
Equity dividends paid	(4,041)	(3,793)
Interest paid	(46)	–
Net cash used in financing activities	(4,087)	(3,793)
Net (decrease)/increase in cash and cash equivalents	(3,665)	995
Cash and cash equivalents at beginning of year	8,750	7,755
Cash and cash equivalents at end of year	5,085	8,750

NOTES TO THE COMPANY FINANCIAL STATEMENTS

COMPANY ACCOUNTING POLICIES

28. Reporting entity

Bloomsbury Publishing Plc (the 'Company') is a company domiciled in the United Kingdom. The address of the Company's registered office can be found on page 148. The Company is primarily involved in the publication of books and other related services.

29. Significant accounting policies

a) Basis of preparation

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

The financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least until June 2015, being the period of the detailed going concern assessment reviewed by the Board.

The Company accounting policies are consistent with the Group policies set out in note 2 of the consolidated financial statements. Key additional policies are stated below.

b) Parent company result

The Company has taken advantage of the exemption available under Section 408 of the Companies Act 2006 not to present the Company income statement or statement of comprehensive income. The Company's profit for the year was £4,705,000 (2013: £1,293,000).

c) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. Critical judgements and areas where the use of estimates is significant are disclosed in note 2v for the Group and are applicable for the Company.

d) Application of new and amended standards and interpretations

The following amendments and interpretations were adopted by the Company for the year ended 28 February 2014 and have not had a material impact on the Company financial statements:

- Amendment to IAS 19 'Employee benefits'(effective for annual periods beginning on or after 1 January 2013);
- IFRS 13 'Fair value measurement' (effective for annual periods beginning on or after 1 January 2013); and
- Amendment to IAS 1 'Financial statement presentation' (effective for annual periods beginning on or after 1 July 2012). Other comprehensive income items have been presented on the basis of whether they are potentially reclassifiable to the income statement.

The Directors are currently assessing the potential impact of other new and revised accounting standards, interpretations or amendments issued by the International Accounting Standards Board that are currently endorsed but not yet effective. They have not been adopted early by the Company and are not expected to have a material impact on the Company's financial statements.

e) Investment in subsidiary companies

Investments in subsidiaries are recorded at cost less accumulated impairment in the statement of financial position. Investments are reviewed at each reporting date to assess whether there are any indicators of impairment. Any impairment losses are recognised in the income statement in the year they occur.

f) Share-based payments

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

Options granted under the Company's share option schemes and sharesave scheme are equity settled. 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 Company's performance share plan are equity settled. Half of any award granted under the plan is subject to a Total Shareholder Return performance condition. The fair value of this element of the awards is calculated using the Stochastic model. Half of any award granted under the plan is subject to an Earnings Per Share performance condition. The fair value of this element of the awards is calculated using the Black–Scholes model.

The Company recharges a share of the share-based payment charge to subsidiaries. This recharge is made via intercompany transactions.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

30. Intangible assets

	Publishing rights £'000	Systems development £'000	Total £'000
Cost			
At 29 February 2012	660	1,579	2,239
Additions	–	671	671
At 28 February 2013	660	2,250	2,910
Additions	–	465	465
At 28 February 2014	**660**	**2,715**	**3,375**
Amortisation			
At 29 February 2012	176	206	382
Charge for the year	132	380	512
At 28 February 2013	308	586	894
Charge for the year	132	480	612
At 28 February 2014	**440**	**1,066**	**1,506**
Net book value			
At 28 February 2014	**220**	**1,649**	**1,869**
At 28 February 2013	352	1,664	2,016

The amortisation charge of £612,000 (2013: £512,000) was included in administrative expenses.

31. Property, plant and equipment

	Short leasehold improvements £'000	Furniture and fittings £'000	Computers and other office equipment £'000	Total £'000
Cost				
At 29 February 2012	2,378	364	599	3,341
Additions	259	16	135	410
At 28 February 2013	2,637	380	734	3,751
Additions	3	9	152	164
At 28 February 2014	**2,640**	**389**	**886**	**3,915**
Depreciation				
At 29 February 2012	119	185	266	570
Charge for the year	268	30	119	417
At 28 February 2013	387	215	385	987
Charge for the year	272	30	132	434
At 28 February 2014	**659**	**245**	**517**	**1,421**
Net book value				
At 28 February 2014	**1,981**	**144**	**369**	**2,494**
At 28 February 2013	2,250	165	349	2,764

The depreciation charge of £434,000 (2013: £417,000) was included in administrative expenses.

32. Investment in subsidiary companies

	£'000
Cost	
At 28 February 2013	63,679
Additions	6,712
At 28 February 2014	**70,391**
Impairment	
At 28 February 2013 and 28 February 2014	**9,442**
Net book value	
At 28 February 2014	**60,949**
At 28 February 2013	54,237

The additions in the financial year ending 28 February 2014 represent the investment in Hart Publishing Limited. A list of subsidiaries can be found in note 27.

33. Deferred tax assets and liabilities

Deferred tax is calculated in full on temporary differences using the tax rate appropriate to the jurisdiction in which the asset or liability arises and the tax rates that are expected to apply in the periods in which the asset or liability is settled.

Movement in temporary differences during the year:

	Property, plant and equipment £'000	Retirement benefit obligation £'000	Share-based payments £'000	Total £'000
At 29 February 2012	(109)	16	270	177
Charge to the income statement	(44)	–	(17)	(61)
Charge to equity	–	–	(20)	(20)
At 28 February 2013	**(153)**	**16**	**233**	**96**
Credit/(charge) to the income statement	1	(1)	(37)	(37)
Credit to equity	–	–	151	151
At 28 February 2014	**(152)**	**15**	**347**	**210**

Due to changes in the statutory tax rate in the UK, deferred tax is now provided at 20% (2013: 23%) which is the rate that has been substantively enacted to apply from 1 April 2015. The impact of the change in tax rate is a charge of £6,000 (2013: £13,000), of which £1,000 (2013: £8,000) has been recognised as a deferred tax charge in the income statement and the remainder recognised in equity.

The analysis for financial reporting purposes is as follows:

	28 February 2014 £'000	28 February 2013 £'000
Deferred tax assets	**362**	249
Deferred tax liabilities	**(152)**	(153)
Total	**210**	96

Deferred tax is not provided on unremitted earnings of subsidiaries where the Group controls the timing of remittance and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

34. Inventories

	28 February 2014 £'000	28 February 2013 £'000
Raw materials	–	9
Work in progress	1,501	1,648
Finished goods for resale	3,007	2,513
Total	4,508	4,170

The cost of inventories recognised as cost of sales amounted to £8,005,000 (2013: £7,703,000).

The provision and write down of inventories to net realisable value recognised in cost of sales amounted to £1,129,000 (2013: £1,004,000).

35. Trade and other receivables

	28 February 2014 £'000	28 February 2013 £'000
Non-current		
Amounts owed by Group undertakings	11,593	11,609
Current		
Gross trade receivables	20,606	19,360
Less provision for impairment of receivables	(479)	(596)
Less provision for returns	(1,503)	(1,658)
Net trade receivables	18,624	17,106
Amounts owed by Group undertakings	8,599	5,246
Other receivables	3,123	3,238
Prepayments and accrued income	13,496	12,050
Total current receivables	43,842	37,640
Total trade and other receivables	55,435	49,249

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 12 months. As at 28 February 2014 £2,001,000 (2013: £2,328,000) of prepayments and accrued income are expected to be recovered after more than 12 months.

The Directors consider that the carrying amount of trade and other receivables approximates their fair values. The Company's exposure to credit and currency risks is disclosed in note 40. Trade receivables principally comprise amounts receivable from the sale of books due from distributors. The average number of days' credit taken for sales of books by the Company was 199 days (2013: 204 days).

Movements on the Company provision for impairment of trade receivables are as follows:

	28 February 2014 £'000	28 February 2013 £'000
At start of year	596	576
Amounts released	(44)	(236)
Amounts utilised	(286)	(75)
Transferred from subsidiaries	–	73
Amounts created	213	258
At end of year	479	596

Movements on the Company provision for book returns are as follows:

	28 February 2014 £'000	28 February 2013 £'000
At start of year	1,658	2,121
Amounts utilised	(5,273)	(4,105)
Transferred from subsidiaries	–	125
Amounts created	5,118	3,517
At end of year	1,503	1,658

36. Trade and other payables

	28 February 2014 £'000	28 February 2013 £'000
Non-current		
Other payables	566	524
Current		
Trade payables	6,500	6,036
Amounts owed to Group undertakings	26,494	21,121
Taxation and social security	503	472
Other payables	1,097	967
Accruals and deferred income	8,091	6,716
Total current trade and other payables	42,685	35,312
Total trade and other payables	43,251	35,836

Trade payables principally comprise amounts outstanding for trade purchases and on-going costs. Non-current other payables include the authors' share of rights receivable falling due after more than one year.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

37. Provisions

	Property £'000	Contingent consideration £'000	Total £'000
At 1 March 2013	–	–	–
Created in the year	20	500	520
At 28 February 2014	**20**	**500**	**520**
Non-current	20	–	20
Current	–	500	500

The property provision is in respect of dilapidations for the Bedford Square head office.

The Company acquired Hart Publishing Limited in September 2013. The contingent consideration arrangement is based on the achievement of certain revenue and title number targets for the period ending 31 March 2014. The maximum potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is £500,000, of which £500,000 has been recognised at 28 February 2014 (see note 9).

38. Share capital and other reserves

For details of share capital, capital redemption reserve, share-based payment reserve and retained earnings see note 20 and the Company statement of changes in equity attributable to the owners of the Company. For details on the Company profit for the year see note 29 b.

For details of dividends see note 8.

39. Share-based payments

Options over shares of the Company have been granted to employees of the Company and Group under various schemes. The full share-based payment disclosures can be found in note 21.

The total share-based payment charge to the income statement for the year was:

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Equity settled share-based transactions	**597**	547
Cash settled share-based transactions	**89**	68
Total	**686**	615

£448,000 (2013: £381,000) of this amount was recharged to subsidiaries of the Company.

40. Financial instruments and risk management

Full disclosures relating to the Group's financial risk management strategies and other financial assets and liabilities are given in note 23 to the consolidated financial statements.

Categories of financial instruments

	Notes	28 February 2014 £'000	28 February 2013 £'000
Loans and receivables			
Cash and cash equivalents		**5,085**	8,750
Amounts owed by Group undertakings		**20,192**	16,855
Trade receivables	35	**18,624**	17,106
Accrued income		**520**	371
Rights income receivable		**1,379**	1,043
Total loans and receivables		**45,800**	44,125
Financial liabilities measured at amortised cost			
Trade payables	36	**6,500**	6,036
Accruals		**7,933**	6,716
Other payables		**1,600**	1,439
Amounts owed to Group undertakings	36	**26,494**	21,121
Other payables due in more than one year	36	**566**	524
Total financial liabilities measured at amortised cost		**43,093**	35,836
Financial liabilities measured at fair value			
Contingent consideration	37	**500**	–
Total financial liabilities measured at fair value		**500**	–
Net financial instruments		**2,207**	8,289

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

The contingent consideration is measured in accordance with Level 3 valuation techniques (which use inputs which have a significant effect on the recorded fair value that are not based on observable market data).

a) Market risk

i. Interest rate risk

Interest rate profile of financial assets

	28 February 2014 £'000	28 February 2013 £'000
Variable rate financial assets	**5,085**	8,750

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Interest rate sensitivity analysis

The Company derived the following sensitivities to assess the impact of changes in interest rates, based on the effect of the market volatility in the current climate and the previous 12 months. The analysis assumes all other variables remain constant.

	28 February 2014 £'000	28 February 2013 £'000
Impact on profit and equity		
1% increase in base rate of interest (2013: 1%)	51	88
0.5% decrease in base rate of interest (2013: 0.5%)	(25)	(44)

ii. Currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	Loan and receivables		Financial liabilities	
	28 February 2014 £'000	28 February 2013 £'000	28 February 2014 £'000	28 February 2013 £'000
GBP	43,104	41,887	41,692	35,147
USD	1,652	1,329	1,383	623
EURO	1,039	903	513	60
AUD	5	6	5	6
Total	45,800	44,125	43,593	35,836

Foreign currency sensitivity analysis

The Company derived the following sensitivities based on the outstanding foreign currency denominated financial assets and liabilities at the year end.

The use of a 10% sensitivity rate has been determined based on the effect of the market volatility in exchange rates between the current and previous year end, and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit or equity:

	28 February 2014 £'000	28 February 2013 £'000
Impact on profit and equity		
10% weakening in US dollar against pound sterling (2013: 10%)	(24)	(64)
10% strengthening in US dollar against pound sterling (2013: 10%)	30	79
10% weakening in Euro against pound sterling (2013: 10%)	(47)	(77)
10% strengthening in Euro against pound sterling (2013: 10%)	58	93

b) Credit risk

The Company has a significant concentration of credit risk due to its use of third party distributors. Credit limits for the final customers are set by the distributors based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The distributors belong to established international groups whose business includes a number of publishing interests and clients. The Company's risk is limited as significant amounts outstanding through the UK distributors are secured by credit insurance.

c) Liquidity risk

The Group has an unsecured revolving credit facility with Lloyds Bank plc. At 28 February 2014 the Group had at its disposal £12 million of undrawn borrowing facilities (2013: £12 million) comprised of a £10 million committed revolving loan facility and a £2 million overdraft. The overdraft facility is available until November 2014 and the loan facility matures in July 2016. The facility is subject to two covenants being a maximum net debt to EBITDA ratio and a minimum interest cover covenant.

The Company's financial liabilities are trade payables, accruals, intercompany payables, other payables and contingent consideration as shown above. Apart from the identified other payables due after one year, all other financial liabilities are due within one year.

41. Operating leases

At 28 February 2014 the Company had the following outstanding commitments under non-cancellable operating leases:

	28 February 2014 £'000	28 February 2013 £'000
Within one year	**655**	688
Later than one year and less than five years	**2,397**	2,436
After more than five years	**1,087**	1,680
Total	**4,139**	4,804

The operating leases represent rentals payable by the Company for certain office properties, vehicles and equipment, see note 24 for further details.

42. Commitments and contingent liabilities

a) Capital commitments

There were no capital commitments as at 28 February 2014 (2013: £nil).

b) Other commitments

The Company is committed to paying royalty advances to authors for books yet to be delivered under publishing contracts in subsequent financial years. At 28 February 2014 this commitment amounted to £8,940,000 (2013: £10,268,000).

c) Guarantees

The Company and certain of its subsidiaries have guarantees to Lloyds Bank plc in place relating to the Group's borrowing facilities, see note 40c.

The Company has guaranteed the liabilities of certain of its UK subsidiaries, being those listed in note 27, to enable them to take the audit exemption under section 479A of the Companies Act 2006.

As part of the acquisition of Fairchild Books, Bloomsbury Publishing Inc. entered into a promissory note and guarantee to pay to Advance Publishers Inc. $4,333,334 in two annual instalments to satisfy the outstanding consideration on the acquisition. One instalment of $2,166,667 is outstanding as at 28 February 2014. Bloomsbury Publishing Plc guaranteed the payment of this amount on behalf of its subsidiary.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

43. Related Parties

Trading transactions

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

	28 February 2014 £'000	28 February 2013 £'000
Sale of goods to subsidiaries	**3,151**	2,449
Management recharges	**8,562**	6,913
Commission payable to subsidiaries	**1**	19
Finance income from subsidiaries	**62**	254
Amounts owed by subsidiaries at year end	**20,192**	16,855
Amounts owed to subsidiaries at year end	**26,494**	21,121

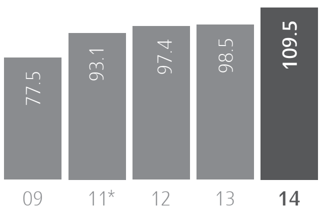
All amounts outstanding are unsecured and will be settled in cash. No provisions have been made for doubtful debts in respect of the amounts owed by subsidiaries.

Key management remuneration is disclosed in note 5.

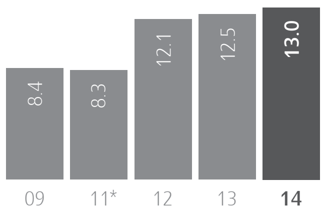
FIVE YEAR FINANCIAL SUMMARY

	2009 £'000	2011* £'000	2012 £'000	2013 £'000	**2014** **£'000**
Revenue					
Continuing	77,531	93,144	97,399	98,479	**109,496**
Discontinued	9,686	10,254	5,818	—	**–**
Total	87,217	103,398	103,217	98,479	**109,496**
Adjusted profit†					
Continuing	8,410	8,266	12,109	12,505	**13,008**
Discontinued	(699)	(597)	(2,692)	—	**–**
Total	7,711	7,669	9,417	12,505	**13,008**
Continuing adjusted diluted EPS‡	7.99p	8.95p	13.27p	13.11p	**14.23p**
Dividend per share	4.43p	5.00p	5.20p	5.50p	**5.82p**
Net assets	112,684	111,844	109,180	114,808	**116,036**
Net cash	35,036	36,876	12,639	14,625	**10,037**

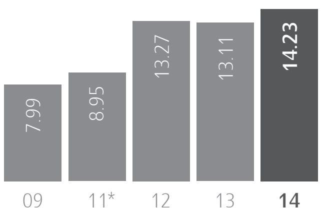
Continuing revenue
£m



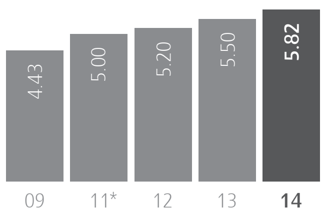
Continuing adjusted profit†
£m



Continuing adjusted diluted EPS‡
Pence



Dividend per share
Pence



* 2011 is in respect of the 14 month period ended 28 February 2011. 2009 is in respect of the 12 months ended 31 December. 2012, 2013 and 2014 are in respect of the years ended 29 February 2012, 28 February 2013 and 28 February 2014.

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

‡ Continuing adjusted diluted EPS is calculated from continuing adjusted profit with tax on continuing adjusted profit deducted.

COMPANY INFORMATION

Directors
Chairman
Anthony Salz - Non-Executive Chairman

Executive Directors
Nigel Newton – Founder and Chief Executive
Richard Charkin – Executive Director
Wendy Pallot – Finance Director

Independent Non-Executive Directors
Ian Cormack – Senior Independent Director
Jill Jones
Stephen Page

Company Secretary
Michael Daykin FCIS, FCA

Registered Office
50 Bedford Square
London
WC1B 3DP
020 7631 5600

Registered number
01984336 (England & Wales)

Auditor
KPMG LLP
15 Canada Square
London
E14 5GL

Bankers
Lloyds Bank
25 Gresham Street
London
EC2V 7HN

Stockbrokers and Financial Advisers
Investec Investment Banking
2 Gresham Street
London
EC2V 7QP

Registrars
Capita Asset Services
40 Dukes Place
London
EC3A 7NH

EXPLANATION OF THE ANNUAL GENERAL MEETING

To Bloomsbury Shareholders and, for information only, to the holders of share options and awards under the Company's share incentive schemes

This document is important and requires your immediate attention.

1. 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.
2. If you sell or have sold or otherwise transferred all of your 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.

Dear Shareholder

The 2014 Annual General Meeting ("AGM") of Bloomsbury Publishing Plc (the "Company") is to be held at 50 Bedford Square, London WC1B 3DP on Tuesday 22 July 2014 at 12 noon. The formal notice convening the AGM is set out on pages 154 to 165 below.

Information regarding the AGM, including the information required by section 311A of the Companies Act 2006 (the "Act"), is available from www.bloomsbury-ir.co.uk.

The AGM is an important opportunity for the Directors to listen to the Shareholders and respond to their questions. It is also when Shareholders are asked to vote in favour of various resolutions related to the running and management of the Company. Therefore below are explanatory notes relating to the resolutions that you will be asked to consider and vote on at the AGM. Resolutions 1 to 12, 16, 17 and 18 will be proposed as ordinary resolutions and resolutions 13, 14 and 15 will be proposed as special resolutions.

As at 12 noon on the date of this notice, the Company's issued share capital comprised 73,844,724 Ordinary Shares of 1.25 pence each (subject to any changes which will be notified to you at the beginning of the AGM). Each Ordinary Share carries the right to one vote at a General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 12 noon on the date of this notice is 73,844,724.

As a Shareholder, you are entitled to attend and vote but, if you are not able to attend, then you may appoint one or more proxies to attend, speak and vote on your behalf.

As your vote is important to us, whether or not you intend to come to the AGM, you are asked to return the Form of Proxy enclosed with this document. Completing the Form of Proxy will not prohibit Shareholders from attending, and voting at, the AGM in person.

Ordinary Business to be proposed at the 2014 Annual General Meeting

Resolutions 1 (ordinary resolution) – Report and Accounts

To receive the report of the Directors and the financial statements for the year ended 28 February 2014, together with the report of the auditors.

Resolutions 2 and 3 (ordinary resolutions) – Approval of (i) Annual Statement by the Chairman of the Remuneration Committee and Annual Report on Directors' Remuneration and (ii) the Directors' Remuneration Policy Report.

Under new legislation that came into force in the UK on 1 October 2013, the Company is required to offer an advisory vote on the implementation of the Company's existing Remuneration Policy in terms of the payments and share awards made to Directors during the year (the Annual Statement by the Chairman of the Remuneration Committee and the Annual Report on Remuneration) and a separate binding vote on the Company's forward looking Remuneration Policy (the Directors' Remuneration Policy Report).

Resolution 2 seeks Shareholder approval for the Annual Statement by the Chairman of the Remuneration Committee and the Annual Report on Directors' Remuneration as set out on pages 65 to 66 and 72 to 81 respectively of the 2014 Annual Report and Accounts (for the year ended 28 February 2014).

Resolution 3 seeks Shareholder approval for the Directors' Remuneration Policy Report, which is set out in the first part of the Directors' Remuneration Report, on pages 66 to 72 of the 2014 Annual Report and Accounts.

EXPLANATION OF THE ANNUAL GENERAL MEETING

Subject to such approval, the proposed effective date of the Directors' Remuneration Policy Report is 22 July 2014, being the date of the AGM of the Company.

Resolutions 4 (ordinary resolution) – Final Dividend

The Board proposes a final dividend of 4.84p per share for the year ended 28 February 2014. If approved, the recommended final dividend will be paid on 24 September 2014 to all Shareholders who are on the register of members on 29 August 2014. Payments will be made by cheque or BACS (where there is an existing dividend mandate). The final dividend equates to an aggregate distribution to Shareholders of approximately £3.53m making approximately £4.25m for the interim and final dividend together.

Resolutions 5 to 10 (ordinary resolutions) – Re-election and election of Directors

In accordance with article 86.2 of the Articles of Association, any Director appointed after the 2013 AGM (held on 23 July 2013) has to retire and may stand for election at the 2014 AGM. Sir Anthony Salz (appointed on 29 August 2013), Jill Jones (appointed on 23 July 2013) and Stephen Page (appointed on 20 August 2013) will retire at the AGM and, being eligible, offer themselves for reappointment. The Board has considered the appraisal of the performance of each Director falling due to retire and recommends the reappointment of such Directors.

In accordance with article 78.1 of the Articles of Association, one-third of the Directors who are subject to retirement by rotation are required to retire at the AGM. Richard Charkin (who was last reappointed as a Director at the Annual General Meeting of the Company held in 2012) will retire at the AGM and, being eligible, offers himself for reappointment. The Board has considered the appraisal of the performance of Richard Charkin and recommends he is reappointed.

In accordance with article 78.2 of the Articles of Association, each Director who has not stood for re-election at each of the preceding two AGMs is subject to retirement by rotation and is required to retire at the AGM. Nigel Newton and Ian Cormack will retire at the AGM and, being eligible, offer themselves for reappointment. The Board has considered the appraisal of the performance of each Director falling due to retire by rotation and recommends the reappointment of both Directors.

Resolutions 11 (ordinary resolution) – Reappointment of the auditors and authority for the Board to determine their remuneration

As explained below, the external audit has been put out to tender following which, on the recommendation of the Audit Committee, the Board appointed KPMG LLP as the auditor.

Under Resolution 11, the Board recommends to the Shareholders that KPMG LLP be reappointed for a further year so that they are able to audit the Company's report and accounts for the year ended 28 February 2015 and the Board be authorised to determine the level of the auditors' remuneration.

Change of External Auditor

The 2013 Annual Report noted that the Audit Committee anticipated tendering the appointment of the external auditor following the 2013 AGM. This tender has been completed and, on the recommendation of the Audit Committee, the Board has appointed KPMG LLP as external auditor for the Group and for the Company.

Reasons for tendering

Code provision C.3.7 requires FTSE 350 companies to put the external audit contract out to tender at least every ten years. Whilst Bloomsbury is not a FTSE 350 company the Audit Committee considers it appropriate that provision C.3.7 should apply. This adopts best practice including the Financial Reporting Council's Guidance on Audit Committees published September 2012. The incumbent external auditor prior to the tender, Baker Tilly UK Audit LLP, was contracted for more than 10 years without tender, having first been approved by the Shareholders at the 2002 AGM on 27 June 2002.

Conduct of the tender

The tender was conducted as follows

- The Audit Committee considered the reasons for tendering and approved putting the external audit out to tender.
- The tender process was run by the Finance Director overseen by the Audit Committee
  - A list of 8 firms was selected, including the Big Four and some medium sized firms.
  - Based on the resources, infrastructure, geographical coverage, expertise in the fields of Bloomsbury's business and

general knowledge of each firm a short list of three firms was proposed by the Finance Director and approved by the Committee. This included Baker Tilly, KPMG and Grant Thornton.

— The shortlisted firms agreed to the tender and provided responses to detailed Request For Information (RFIs). The firms were given wide access to the information of the business and its employees. Interviews with Board members and key staff were held as request by the firms.

— During July and August 2013 the Audit Committee interviewed each firm and considered written proposals submitted by each firm supplemented by information gathered by Bloomsbury. The Audit Committee evaluated each firm against criteria agreed by the Audit Committee.

— Based on these evaluations, the Audit Committee recommended KPMG be appointed as the external auditor. The Board approved the recommendation.

Criteria for evaluating the firms

The Audit Committee evaluated the firms shortlisted for the appointment as external auditor against the following criteria:

- Understanding of Bloomsbury's business and level of publishing industry experience
- Audit staff and the firm
- Relationships
- Organisational and cultural fit
- Commitment and conflicts
- Audit approach
- Pro-activity, ideas and strategies
- Access to other specialists
- Fee
- Value the firm contributes eg the level of assurance provided

Recommendation of appointment of external auditor

Whilst KPMG, Baker Tilly and Grant Thornton each have strengths, the Audit Committee believes that KPMG best meets the criteria and, in particular, would provide a fresh pair of eyes to the benefit of the Company and its Shareholders.

Special Business to be proposed at the Annual General Meeting

Resolution 12 (ordinary resolution) – Authority to allot Ordinary Shares

This replaces the general authority, last given at the 2013 AGM, for the Directors to allot Ordinary Shares pursuant to Section 551 of the Act. This resolution, if passed, would give the Directors the authority to allot up to 24,614,880 Ordinary Shares of 1.25 pence with a nominal value of £307,686, representing approximately 33.33% of the issued Ordinary Share capital of the Company at the date of this notice.

This authority, if granted, will expire on the earlier of the conclusion of the Company's next Annual General Meeting and 15 months from the date of passing this resolution. The Board has no present intention of exercising the authority granted by this resolution save in connection with the new share schemes referred to below. The Board intends to seek its renewal at subsequent Annual General Meetings of the Company.

As at the date of signing the Directors Report for the 2014 Annual Report, the Directors have beneficial holdings of Ordinary Shares in the Company which in aggregate amount to approximately 2.1% of the Ordinary Shares in issue. The Directors have been granted conditional share awards under the Bloomsbury Publishing Plc Performance Share Plan 2005 and options granted under the Bloomsbury Sharesave Plan 2005 that if they were to fully vest would entitle the Directors to further Ordinary Shares which in aggregate would amount to approximately 2.3% of the Ordinary Shares in issue. As referred to below it is intended that the Directors be granted share awards or options under the replacement share schemes.

EXPLANATION OF THE ANNUAL GENERAL MEETING

Resolution 13 (special resolution) – Disapplication of statutory pre-emption provisions
This resolution authorises the Directors to allot Ordinary Shares for cash without first offering them, pro rata, to existing Shareholders pursuant to Section 571 of the Act.

The maximum nominal value of new Ordinary Shares which may be so allotted under this authority is £46,152 or 3,692,160 shares of 1.25 pence being equivalent to approximately 5% of the entire issued Ordinary Share capital of the Company at date of this notice. 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.

Resolution 14 (special resolution) – Authority for the Company to purchase Ordinary Shares
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 Act. 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 the authority granted by this resolution 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.

This 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 Act, 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 of 1.25 pence with a nominal value of £92,306, being equivalent to approximately 10% of the issued Ordinary Share capital (excluding treasury shares) of the Company at the date of this notice. 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 15 (special resolution) – Approval that a General Meeting may be called on not less than 14 clear days notice.
Under the Act, the notice period for general meetings (other than an AGM) is 21 clear days' notice unless the Company (i) has gained Shareholder approval for the holding of general meetings on 14 clear days' notice by passing a special resolution at the most recent AGM; and (ii) offers the facility for all Shareholders to vote by electronic means. The Company would like to preserve its ability to call general meetings (other than an AGM) on less than 21 clear days' notice. The shorter notice period would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of Shareholders as a whole. This resolution seeks such approval. Should this resolution be approved it will be valid until the end of the next AGM. This is the same authority that was sought and granted at last year's AGM.

Resolutions 16 (ordinary resolution) – Replacement of existing share incentive plan
This resolution seeks authority from Shareholders for the implementation of a replacement long-term incentive arrangement currently intended to be used for the Company's Executive Directors and senior management.

The proposed Bloomsbury Publishing Plc 2014 Performance Share Plan (the "2014 PSP") would replace the Company's existing performance share plan (the Bloomsbury Performance Share Plan 2005 approved by the Shareholders on 27 September 2005 ("2005 PSP")) which was otherwise due to expire in 2015.

The design of the 2014 PSP has been developed by the Remuneration Committee and, as with the 2005 PSP, will provide for discretionary annual share-based awards in the case of senior employees ordinarily vesting three years from grant, subject to continued service and to the extent to which objective performance criteria are met over a three-year measurement period.

A summary of the principal terms of the 2014 PSP together with details of the performance conditions proposed for the first awards under the 2014 PSP to the Company's Executive Directors, is set out in the Appendix to the Notice of Annual General Meeting.

Resolutions 17 (ordinary resolution) – New share option plan

This resolution seeks authority from Shareholders for the implementation of a new discretionary share option plan.

The proposed Bloomsbury Publishing Plc 2014 Company Share Option Plan (the "2014 CSOP") will provide scope for the grant of market value options to selected employees.

Options under the 2014 CSOP will ordinarily become exercisable three years from grant subject to the participant's continued service and to the extent to which any applicable performance conditions are satisfied. The 2014 CSOP will have the facility to grant both HMRC tax-favoured options and non tax-favoured options.

Whilst the 2014 PSP may be operated for Executive Directors and selected senior executives, it is intended that the 2014 CSOP will be operated only for below Board level employees (not Executive Directors of the Company) at the Remuneration Committee's discretion.

A summary of the principal terms of the 2014 CSOP is set out in the Appendix to the Notice of Annual General Meeting .

Resolutions 18 (ordinary resolution) – Renewal of Sharesave plan

This resolution seeks authority from Shareholders to update the terms of the existing Bloomsbury Sharesave Plan 2005 approved by the Shareholders on 27 September 2005 (the "2005 Sharesave") due to expire in 2015 to become the Bloomsbury Publishing Plc 2014 Sharesave Plan (the "2014 Sharesave").

Sharesave schemes are "all-employee" savings-related share option plans under which UK-based employees may sign up to savings contracts to save, from 6 April 2014, up to £500 per month over a three or five year savings term. On the maturity of the contracts, participants can elect to use their savings (and any interest) to exercise a linked discounted share option to acquire shares on HMRC tax-favoured terms or ask for the return of the savings (and any interest).

A summary of the principal terms of the 2014 Sharesave is set out in the Appendix to the Notice of Annual General Meeting .

The Remuneration Committee believes that the new and updated plans will result in strategically-focused-equity-based long-term incentive arrangements that will improve the alignment of interests between employees and Shareholders.

Action to be taken

As outlined above, information regarding the AGM is available from www.bloomsbury-ir.co.uk

Enclosed with this Notice of Meeting, you will find a reply-paid Form of Proxy for use at the AGM. 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.

If you wish to attend the AGM in person then the proxy appointment will not preclude you from doing so.

The Form of Proxy should be completed and returned as soon as possible to FREEPOST RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU 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 Asset Services, PXS, 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 18 is in the best interests of the Company and of the Shareholders as a whole, and are most likely to promote the success of the Company. The Board unanimously recommends that you vote in favour of all the resolutions, as each of the Directors intends to do in respect of his or her own beneficial holdings of shares in the Company.

Yours faithfully

Michael Daykin
Company Secretary
Bloomsbury Publishing Plc
11 June 2014

NOTICE OF ANNUAL GENERAL MEETING BLOOMSBURY PUBLISHING PLC

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 50 Bedford Square, London, WC1B 3DP on 22 July 2014 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 year ended 28 February 2014, together with the Report of the Directors and the Report of the Auditors thereon.
2. To approve the Annual Statement by the Chairman of the Remuneration Committee and the Annual Report on Directors' Remuneration for the financial year ended 28 February 2014, as set out on pages 65 to 66 and 72 to 81 respectively of the Company's Annual Report and Accounts for the year ended 28 February 2014.
3. To approve the Directors' Remuneration Policy Report as set out on pages 66 to 72 of the Company's Annual Report and Accounts for the year ended 28 February 2014.
4. To declare a final dividend of 4.84p per ordinary share.
5. To elect Sir Anthony Salz as a Director of the Company.
6. To elect Jill Jones as a Director of the Company.
7. To elect Stephen Page as a Director of the Company.
8. To re-elect Ian Cormack as a Director of the Company.
9. To re-elect Richard Charkin as a Director of the Company.
10. To re-elect Nigel Newton as a Director of the Company.
11. To resolve that KPMG LLP be and are hereby reappointed auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which the financial statements for the Company are laid before the Company and to authorise the Directors to determine the remuneration of the auditors on behalf of the Company.

Special Business

To consider and, if thought fit, to pass the following resolutions of which resolutions 12, 16, 17 and 18 will be proposed as ordinary resolutions and resolutions 13, 14 and 15 will be proposed as special resolutions.

12. 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 or, if earlier, 15 months from the date of passing of this resolution, unless previously varied, revoked or renewed by the Company in general meeting; and
        (ii) the Company shall be entitled to make, before the expiry of such authority, any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares in the Company to be granted after the expiry of such authority and the Directors may allot any shares pursuant to such offer or agreement as if such authority had not expired; and
    (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.
13. THAT, subject to the passing of resolution 12 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 570 and 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 12 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 after passing this resolution or, if earlier, 15 months from the date of passing of this resolution, unless previously varied, revoked or renewed by the Company in general meeting, and provided that the Company may, before such expiry, make any offer or agreement which would or might require equity securities to be allotted 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.

14. 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;

(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 after passing this resolution or 15 months from the date of passing of this resolution, whichever shall be the earlier; and

(d) the Company shall be entitled under such authority to make at any time before its expiry or termination any contract to purchase its own shares which will or might be concluded wholly or partly after the expiry or termination of such authority and may purchase its own shares pursuant to such contract.

15. THAT a general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

NOTICE OF ANNUAL GENERAL MEETING BLOOMSBURY PUBLISHING PLC

16. THAT the rules of the Bloomsbury Publishing Plc 2014 Performance Share Plan (the "2014 PSP") produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and the Directors be authorised to:

(a) make such modifications to the 2014 PSP as they may consider appropriate to take account of the requirements of best practice and for the implementation of the 2014 PSP and to adopt the 2014 PSP as so modified and to do all such other acts and things as they may consider appropriate to implement the 2014 PSP; and

(b) establish further plans based on the 2014 PSP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the 2014 PSP.

17. THAT the rules of the Bloomsbury Publishing Plc 2014 Company Share Option Plan (the "2014 CSOP") produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and the Directors be authorised to:

(a) make such modifications to the 2014 CSOP as they may consider appropriate to take account of the requirements of HMRC and best practice, and for the implementation of the 2014 CSOP and to adopt the 2014 CSOP as so modified and to do all such other acts and things as they may consider appropriate to implement the 2014 CSOP; and

(b) establish further plans based on the 2014 CSOP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the 2014 CSOP.

18. THAT the proposed updated form of the rules of the Bloomsbury Sharesave Plan 2005 produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved to become the Bloomsbury Publishing Plc 2014 Sharesave Plan (the "2014 Sharesave") and the Directors be authorised to:

(a) make such modifications to the 2014 Sharesave as they may consider appropriate to take account of the requirements of HMRC and best practice, and for the implementation of the 2014 Sharesave and to adopt the 2014 Sharesave as so modified and to do all such other acts and things as they may consider appropriate to implement the 2014 Sharesave; and

(b) establish further plans based on the 2014 Sharesave but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the 2014 Sharesave.

Dated 11 June 2014

By order of the Board

Michael Daykin
Company Secretary
Bloomsbury Publishing Plc

Registered office:
50 Bedford Square
London
WC1B 3DP

Notes:

1. Only the holders of Ordinary Shares are entitled to attend the meeting and vote. A member entitled to attend and vote may appoint one or more proxies to attend, speak and vote on his behalf. A proxy need not be a member of the Company. A Form of Proxy is enclosed for your use. Further copies of the Form of Proxy may be obtained from the registered office of the Company or from www.bloomsbury-ir.co.uk.
2. If a member wishes his proxy to speak on his behalf at the meeting, he or she will need to appoint his own choice of proxy (who is not the Chairman) and give instructions directly to the proxy. The completion and return of a Form of Proxy will enable a Shareholder to vote at the Annual General Meeting without having to be present at the Annual General Meeting, but will not preclude him or her from attending the Annual General Meeting and voting in person if he or she should subsequently decide to do so.
3. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please sign and date the Form of Proxy and attach a schedule listing the names and addresses (in block letters) of all your proxies, the number of shares in respect of which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) and indicating how you wish each proxy to vote or abstain from voting. If you wish to appoint the Chairman as one of your multiple proxies, insert "Chairman of the Meeting" in the box which is used to identify the name of the proxy on the relevant proxy card.
4. To be valid, the enclosed Form of Proxy must be lodged with the Company's Registrars, Capita Asset Services, not later than 48 hours before the time appointed for the holding of the Annual General Meeting.
5. Shareholders included on the register of members (in relation to Ordinary Shares held in CREST, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001) at 6 pm on 18 July 2014 will be entitled to attend and vote at the Annual General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the Shareholder by whom he/she was nominated ("Relevant Member"), 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, may have a right to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
7. The statement of the rights of Shareholders in relation to the appointment of proxies does not apply to Nominated Persons. The rights described in this regard can only be exercised by Shareholders of the Company.
8. Shareholders should note that it is possible that, pursuant to requests made by Shareholders of the Company under section 527 to 531 of the Act, 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 Report and Accounts were laid in accordance with section 437 of the Act. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.
9. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

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

11. Copies of the following documents will be available for inspection at the Company's Registered Office, 50 Bedford Square, London WC1B 3DP, during usual business hours on any weekday, Saturdays and public holidays excepted, from the date of this notice until the date of the 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 Nomination Committee of the Board; and
- the draft scheme rules for the Bloomsbury Publishing Plc 2014 Performance Share Plan, Bloomsbury Publishing Plc 2014 Company Share Option Plan and the Bloomsbury Publishing Plc 2014 Sharesave Plan.

NOTICE OF ANNUAL GENERAL MEETING BLOOMSBURY PUBLISHING PLC

APPENDIX

Summary of the principal terms of the Bloomsbury Publishing Plc 2014 Performance Share Plan (the "2014 PSP"), the Bloomsbury Publishing Plc 2014 Company Share Option Plan (the "2014 CSOP") and the proposed updated form of the Bloomsbury Sharesave Plan 2005 to become the Bloomsbury Publishing Plc 2014 Sharesave Plan (the "2014 Sharesave")

(each a "Plan" and together, the "Plans")

This Appendix first describes the unique main features of each Plan and then describes those features which are common to all of the Plans.

Main principal terms of the 2014 PSP

Operation

The Remuneration Committee of the Board of Directors of the Company (the "**Committee**") will supervise the operation of the 2014 PSP.

Eligibility

Any employee (including an Executive Director) of the Company and its subsidiaries will be eligible to participate in the 2014 PSP at the discretion of the Committee.

Grant of awards

The Committee may grant awards to acquire Ordinary Shares in the Company ("**Shares**") within six weeks following the Company's announcement of its results for any period. The Committee may also grant awards within six weeks of Shareholder approval of the 2014 PSP or at any other time when the Committee considers there are exceptional circumstances which justify the granting of awards. Subject to Shareholder approval of the 2014 PSP, it is intended that the first awards under the 2014 PSP will be made during the 2014/15 Financial Year.

The Committee may grant awards as conditional shares or as nil (or nominal) cost options. The Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it does not currently intend to do so.

Individual limit

An employee may not receive awards in any financial year over Shares having a market value in excess of 100 per cent. of his or her annual base salary in that financial year. In exceptional circumstances, such as recruitment or retention, this limit may be increased at the discretion of the Committee to 150 per cent. of an employee's annual base salary.

Performance conditions

The vesting of awards granted to the Company's Executive Directors will be subject to such performance conditions as the Committee determines.

The Committee may also determine that the vesting of awards granted to others shall be subject to such performance conditions (if any) as the Committee determines.

Awards made to Executive Directors in the 2014/15 Financial Year would be subject to two independent performance conditions measured over a performance period comprising three financial years of the Company, being the period from 1 March 2014 to 28 February 2017 (the "**Performance Period**").

One half of such awards will be subject to a performance condition based on the Company's earnings per share ("**EPS**") performance over the Performance Period. The following vesting schedule will apply:

Compound annual growth rate in EPS over the Performance Period in excess of annualised RPI	Percentage of the half of the award subject to the EPS measure that vests
3% or less	0%
3%	25%
Between 3% and 8%	Between 25% and 100% pro-rata on a straight-line basis
8% or greater	100%

The other half of the awards granted to the Company's Executive Directors in 2014 will be subject to a performance condition based on the Company's total shareholder return ("**TSR**") performance over the Performance Period relative to the TSR performance over the same period of a comparator group of companies comprising the constituents of FTSE SmallCap Index (including the Company but excluding investment trusts) as at the start of the Performance Period. Subject to the satisfaction of the underpin condition referred to below, the following vesting schedule will apply:

Rank of the Company's TSR performance relative to the TSRs of the comparator group companies over the Performance Period	Percentage of the half of the award subject to the TSR measure that vests
Below median	0%
Median	25%
Between median and top quartile	On a straight-line basis between 25% and 100%
Top quartile or above	100%

The relevant TSR figures will normally be averaged over a three month period at the beginning and end of the Performance Period.

Irrespective of the extent to which the TSR performance condition has been achieved, the Committee may, in its discretion, scale back the level of vesting of the TSR element of such awards to such extent as it considers appropriate (including to nil) in the event that the Committee determines that the Company's TSR performance is not reflective of the Company's underlying financial performance for the period.

The Committee can set different performance conditions for Executive Directors from those described above for future awards.

Different or no performance conditions may apply in the case of other grants.

The Committee may vary any performance conditions applying to existing awards if an event has occurred which causes the Committee to consider that it would be appropriate to amend the performance conditions, provided the Committee considers the varied conditions are fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question.

Vesting of awards

Awards granted to Executive Directors shall normally vest no earlier than three years after grant. The Committee may specify such normal vesting date as it considers appropriate in the case of awards to others.

Awards will ordinarily vest to the extent that any applicable performance conditions have been satisfied and provided the participant is still employed in the Company's group. Once vested, awards in the form of nil (or nominal) options will normally be exercisable up to the tenth anniversary of grant unless they lapse earlier.

Dividend equivalents

The Committee may decide that participants will receive a payment (in cash and/or Shares) on or shortly following the settlement of their awards, of an amount equivalent to the dividends that would have been paid on those Shares between the time when the awards were granted and the time when they vest (or, in the case of awards structured as nil (or nominal) cost options, until the expiry of any post-vesting holding period that may apply). This amount may assume the reinvestment of dividends.

Leaving employment

As a general rule, an award will lapse upon a participant ceasing to hold employment or be a Director within the Company's group. However, if a participant ceases to be an employee or a Director because of his death, ill-health, injury, disability, retirement, redundancy, his employing company or the business for which he works being sold out of the Company's group or in other circumstances at the discretion of the Committee, then his award will vest on the date when it would have vested if he had not ceased such employment or office.

The extent to which an award will vest in these circumstances will depend upon two factors:

(i) the extent to which any performance conditions have been satisfied over the normal measurement period; and

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(ii) the pro-rating of the award to reflect the reduced period of time between its grant and vesting, although the Committee can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances.

Alternatively, if a participant ceases to be an employee or Director in the Company's group for one of the "good leaver" reasons specified above, the Committee can, instead, decide that his award will vest on the date of cessation, subject to: (i) any applicable performance conditions measured at that time; and (ii) pro-rating by reference to the time of cessation as described above.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) all awards will vest early subject to: (i) the extent that any performance conditions have been satisfied at that time; and (ii) the pro-rating of the awards to reflect the reduced period of time between their grant and vesting, although the Committee can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company unless the Committee decides that awards should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of Shares to a material extent, then the Committee may decide that awards will vest on the basis which would apply in the case of a takeover as described above.

Variation of capital

In the event of any variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Shares, the Committee may make such adjustment as it considers appropriate to the number of Shares subject to an award and/or the exercise price payable (if any).

Overall Plan limits

Awards may be satisfied using new issue Shares, treasury Shares or Shares purchased in the market.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than:

(a) 10 per cent. of the issued ordinary share capital of the Company under the 2014 PSP and any other employee share plan adopted by the Company; and

(b) 5 per cent. of the issued ordinary share capital of the Company under the 2014 PSP and any other executive share plan adopted by the Company.

Treasury Shares will count as new issue Shares for the purposes of these limits unless institutional investors decide that they need not count.

Main principal terms of the 2014 CSOP

Operation

The Committee will supervise the operation of the 2014 CSOP.

Eligibility

Any employee (including an Executive Director) of the Company and its subsidiaries will be eligible to participate in the 2014 CSOP at the discretion of the Committee.

General

The 2014 CSOP is divided into two parts, both of which are identical in all material respects unless otherwise indicated in this summary. Part A is intended to be approved by HM Revenue & Customs ("**HMRC**") so that options granted under it may qualify for beneficial tax treatment in the UK. Part B will be used to grant non-tax favoured options.

Grant of options

The Committee may grant options to acquire Shares within six weeks following the Company's announcement of its results for any period. The Committee may also grant options within six weeks of Shareholder approval of the 2014 CSOP or at any other time if the Committee considers there are exceptional circumstances which justify the granting of options.

Individual participation

An employee may not receive options in any financial year over Shares with a market value exceeding 100 per cent. of his annual base salary in that financial year. In exceptional circumstances, such as recruitment or retention, this limit may be increased at the discretion of the Committee to 150 per cent. of an employee's annual base salary.

Under Part A of the 2014 CSOP, the aggregate market value of Shares at the date of grant subject to unexercised HMRC approved options granted by the Company shall not exceed £30,000 (or such other limit as may from time to time apply under the relevant legislation) per employee.

Option price

The price per Share payable upon exercise of an option will not be less than:

(a) the middle-market price of a Share on the London Stock Exchange on the dealing day immediately before the date of grant (or such other dealing day(s) as the Committee may decide); and

(b) if the option relates only to new issue Shares, the nominal value of a Share.

Performance conditions

There is currently no intention to grant options under the 2014 CSOP to Executive Directors of the Company. In the event options are granted to any such individuals however, appropriately challenging performance conditions would apply.

Options granted to other individuals will be subject to performance conditions (if any) as the Committee considers appropriate.

The Committee may vary any performance conditions applying to existing options if an event has occurred which causes the Committee to consider that it would be appropriate to amend the performance conditions, provided the Committee considers the varied conditions are fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question.

Exercise of options

Options will ordinarily become capable of exercise after three years in the case of Part A options or at such other time (other than in the case of any grants to the Company's Executive Directors) as the Committee specifies in the case of Part B options.

Options will become exercisable to the extent that any performance conditions have been satisfied and provided the participant remains employed in the Company's group. Options will lapse on the day before the tenth anniversary of the date of grant or after such shorter period as determined by the Committee at the time of grant.

Shares will be allotted or transferred to participants within 30 days of exercise.

The Committee can decide to satisfy Part B options by the payment of a cash amount or by delivering Shares equal in value to the gain made on the exercise of the option (which may include net settlement).

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Leaving employment

As a general rule, an option will lapse upon a participant ceasing to hold employment or be a Director within the Company's group. However, if a participant ceases to be an employee or Director in the Company's group by reason of his death, injury, disability, redundancy, retirement, TUPE transfer, his employing company or the business for which he works being sold out of the Company's group or in other circumstances at the discretion of the Committee, then his option will become exercisable on the date of cessation and remain exercisable for a limited period thereafter.

The extent to which an option will become exercisable in these circumstances will depend upon the extent to which any performance conditions have been satisfied by reference to the date of cessation. The Committee may also, if it sees fit, pro-rate the option to reflect the reduced period of time between its grant and vesting.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) all options will become exercisable early and remain exercisable for a limited period.

The extent to which options will become exercisable in these situations will depend upon the extent to which any performance conditions have been satisfied by reference to the date of the corporate event. The Committee may also, if it sees fit, pro-rate the option to reflect the reduced period of time between its grant and vesting.

In the event of an internal corporate reorganisation, options will be replaced by equivalent new options over shares in a new holding company unless the Committee decides that options should become exercisable on the basis which would apply in the case of a takeover as described above.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of Shares to a material extent, then the Committee may decide that options will vest on the basis which would apply in the case of a takeover as described above.

Variation of capital

In the event of any variation in the Company's share capital, the Committee may make such adjustment as it considers appropriate to the number of Shares under option and the price payable on the exercise of an option.

Options granted under Part B of the 2014 CSOP which are not tax-advantaged may also be adjusted in the event of a demerger, special dividend or other similar event which materially affects the market price of Shares.

Overall Plan limits

Options may be satisfied using new issue Shares, treasury Shares or Shares purchased in the market.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than:

(a) 10 per cent. of the issued ordinary share capital of the Company under the 2014 CSOP and any other employee share plan adopted by the Company; and

(b) 5 per cent. of the issued ordinary share capital of the Company under the 2014 CSOP and any other executive share plan adopted by the Company.

Treasury Shares will count as new issue Shares for the purposes of these limits unless institutional investors decide that they need not count.

Main principal terms of the 2014 Sharesave

General

The operation of the 2014 Sharesave will be supervised by the Board of Directors of the Company (the "**Board**").

Eligibility

Employees and full-time Directors of the Company and any designated participating subsidiary who are UK resident tax payers are eligible to participate. The Board may require employees to have completed a qualifying period of employment of up to five years before the grant of options. The Board may also allow other employees to participate.

Grant of options

Options can only be granted to employees who enter into HMRC approved savings contracts, under which monthly savings are normally made over a period of three or five years. Options must be granted within 30 days (or 42 days if applications are scaled back) of the first day by reference to which the option price is set. The number of Shares over which an option is granted will be such that the total option price payable for those Shares will correspond to the proceeds on maturity of the related savings contract.

Individual participation

Monthly savings by an employee under all savings contracts linked to options granted under any sharesave scheme may not exceed the statutory maximum (currently £500). The Board may set a lower limit in relation to any particular grant.

Option price

The price per Share payable upon the exercise of an option will not be less than the higher of: (i) 80 per cent. of the average middle-market quotation of a Share on the London Stock Exchange on the five days preceding a date specified in an invitation to participate in the 2014 Sharesave (or such other day or days as may be agreed with HMRC); and (ii) if the option relates only to new issue Shares, the nominal value of a Share.

The option price will be determined by reference to dealing days which fall within six weeks of the announcement by the Company of its results for any period or at any other time when the Board considers there to be exceptional circumstances which justify offering options under the 2014 Sharesave.

Exercise of options

Options will normally be exercisable for a six-month period from the third or fifth anniversary of the commencement of the related savings contracts. Earlier exercise is permitted, however, in the following circumstances:

* following cessation of employment by reason of death, injury, disability, redundancy, retirement, a relevant transfer under the Transfer of Undertakings (Protection of Employment) Regulations 2006 or the business or company that the employee works for ceasing to be part of the Company's group;
* where employment ceases more than three years from grant for any reason other than dismissal for misconduct; and
* in the event of a takeover, scheme of arrangement or winding-up of the Company, except in the case of an internal corporate re-organisation when the Board may decide to exchange existing options for equivalent new options over shares in a new holding company.

Except where stated above, options will lapse on cessation of employment or directorship with the Company's group.

Shares will be allotted or transferred to participants within 30 days of exercise.

Variation of capital

If there is a variation in the Company's share capital then the Board may, subject to HMRC approval where relevant, make such adjustment as it considers appropriate to the number of Shares under option and the option price.

Overall Plan limit

Awards may be satisfied using new issue Shares, treasury Shares or Shares purchased in the market.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than 10 per cent. of the issued ordinary share capital of the Company under the 2014 Sharesave and any other employee share plan adopted by the Company.

Treasury Shares will count as new issue Shares for the purposes of these limits unless institutional investors decide that they need not count.

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Other principal terms common to all of the Plans

Life of Plans

Awards and/or options (as relevant, hereinafter referred to collectively as "awards") may not be granted more than 10 years after Shareholder approval of the Plans.

No payment is required for the grant of an award.

Awards are not transferable, except on death. Awards are not pensionable.

Participants' rights

Awards will not confer any Shareholder rights until the awards have vested or the options have been exercised and the participants have received their Shares.

Rights attaching to Shares

Any Shares allotted when an award vests or is exercised under the Plans will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Alterations to the Plans

The Committee may, at any time, amend the provisions of the Plans in any respect, provided that the prior approval of Shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of treasury Shares, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash to be acquired and the adjustment of awards/options.

The requirement to obtain the prior approval of Shareholders will not, however, apply to any minor alteration made to benefit the administration of the Plans, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group.

Prior Shareholder approval will also not be required for any amendment to performance conditions applying to an award provided that the amendments are within the parameters of the adjustment powers of the relevant Plan relating to the amendment of performance conditions.

Overseas Plans

The Shareholder resolutions to approve the Plans will allow the Board of Directors, without further Shareholder approval, to establish further plans for overseas territories, any such plan to be similar to the relevant Plan, but modified to take account of local tax, exchange control or securities laws, provided that any Shares made available under such further plans are treated as counting against the limits on individual and overall participation in the relevant Plan.

Clawback under the 2014 PSP and 2014 CSOP

The Committee may decide within three years of the vesting of an award under the 2014 PSP and/or a Part B non-tax favoured option under the 2014 CSOP (as relevant) that it may be subject to clawback if the Committee determines that there has been: (i) a material misstatement of the Company's financial results; or (ii) an error in assessing any applicable performance conditions or (iii) in the event of termination of service for misconduct.

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