# Bloomsbury Publishing Plc

## ANNUAL REPORT & ACCOUNTS 2015

# INTRODUCTION

**Bloomsbury Publishing Plc** is an independent global publisher listed on the London Stock Exchange with offices in London, New York, New Delhi and Sydney. Over its 29 year history, Bloomsbury's mission has been to publish works of excellence and originality. Bloomsbury has built up a valuable portfolio of content and rights based intellectual property assets.

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### *The Telegraph:* The one share I would buy for both my grandchildren

17 June 2014

"I have two grandchildren, but picking a share for them that I am willing to hold on to for 20 years is actually a really difficult decision to make.

"The problem is a lot of investment sectors are prone to change – I cannot pick an oil company because they could run out of oil in two decades; similarly a pharmaceutical firm cannot guarantee that it will invent new drugs, so this is another risky area to buy and hold for the long term.

"So to meet my criteria the share has to definitely still be around in 20 years' time and be an even bigger and more profitable business than it is today.

"With this mind I would buy Bloomsbury Publishing as people will still be reading books in one form or another in 50 years' time, never mind 20. I am impressed how the firm has adapted to the way the younger generation prefers to use e-books and the like, and I think they will continue to make material compatible with new formats as and when they are created.

"The company obviously made its name as the publisher for the Harry Potter books, but what I like about it is that its big area of expertise lies in educational books. Obviously these books are timeless, but it also gives the firm a chance to expand its footprint and revenues in other markets, such as India."

**Paul Mumford**
Senior Investment Manager
Cavendish Asset Management

Paul Mumford has been a fund manager for over 25 years.

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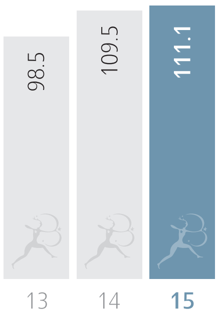
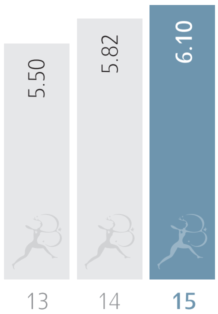
**Continuing Revenue** £m




**Total dividend** pence




**Continuing profit before tax** £m


**Continuing adjusted profit[1]** £m


**Continuing adjusted diluted EPS[2]** pence


**Continuing diluted EPS** pence




Notes

1. Continuing adjusted profit is continuing profit before taxation, amortisation of acquired intangible assets and other highlighted items. Prior years have been restated to add back internally generated intangible asset amortisation to continuing adjusted profit. See note 2c) in the financial statements for further information.
2. Continuing adjusted diluted EPS is calculated from continuing adjusted profit with taxation on continuing adjusted profit deducted. Again prior years have been restated to reflect the change in treatment of internally generated intangible asset amortisation.

# HIGHLIGHTS

## Financial Highlights

- Revenues grew to £111.1 million (2014: £109.5 million)
- Profit before taxation and highlighted items** of £12.1 million (2014*: £12.0 million)
- Profit before taxation £9.6 million (2014*: £9.5 million)
- Final dividend of 5.08p per share (2014: 4.84p) making a total dividend of 6.10p per share for the year (2014: 5.82p per share)
- Diluted earnings per share, excluding highlighted items, were 14.73p (2014*: 12.80p)
- Diluted earnings per share were 11.90p (2014: 10.43p)

## Operating Highlights

### Academic & Professional

- Revenues for the year were up by 12% to £36.0 million (2014: £32.1 million)
- Digital title sales grew by 35% year on year to £4.2 million, more than double overall industry growth
- The division contributed to excellent Group rights and services sales compared to 2014, up to £14.1 million (2014: £8.5 million) more in line with previous years (2013: £11.5 million, 2012: £12.6 million)
- Law publisher Hart, which was acquired in September 2013, contributed £3.7 million of revenue (2014: £1.8 million) and £1.2 million of operating profit (2014: £0.5 million) before central recharges and excluding highlighted items
- Bloomsbury is established as the foremost global academic visual arts publisher with the launch of www.bloomsburyfashioncentral.com

### Adult Division

- Revenue for the year was £44.7 million (2014: £49.9 million) reflecting the huge success of *And the Mountains Echoed* by Khaled Hosseini in the prior year
- Key titles in the year included Lucie Whitehouse's *Before We Met* and Samantha Shannon's *The Mime Order*
- Acquisition of Osprey in December 2014 increased presence in the specialist niche areas
- Cookery list continued to perform strongly with books by Tom Kerridge, Hugh Fearnley-Whittingstall, Heston Blumenthal, Raymond Blanc and Paul Hollywood among others
- Launch of www.cooked.com, which complements successful cookery book publishing
- Winner of numerous industry awards including the IMPAC Dublin Literary Award, the inaugural Folio Prize and the Windham-Campbell Prize for Fiction

### Children's & Educational

- Revenue for the year was £26.6 million (2014: £23.6 million)
- Operating profit before highlighted items was £2.9 million (2014*: £1.9 million)
- Sales of Harry Potter titles in the year grew by 29% due to the reissue of the Harry Potter novels by J. K. Rowling in August 2014 with new covers by Jonny Duddle
- Picture books and Activity books sales grew by 15% year on year and now account for 13% of the division's sales
- Star performers were *Paper Towns* by John Green and *The Sleeper and the Spindle* by Neil Gaiman

### Bloomsbury information

- Operating profit before highlighted items was £1.1 million (2014*: £1.1 million)
- Partnership with Lloyds Bank providing insight, business thought leadership and best practice to its SME business customers with more Bloomsbury content being provided in 2015
- Management services agreement with Qatar Foundation was extended in 2014
- IZA World of Labor launched in May 2014, has published 150 evidence-based articles on issues in labor economics, making it the ultimate resource for policy and decision makers in this field across the globe

### Strong list for the year ahead

- *Sweet Caress* by William Boyd
- *Big Magic* by Elizabeth Gilbert
- *The Sunlit Night* by Rebecca Dinerstein
- *The Heart Goes Last* by Margaret Atwood
- Illustrated edition of *Harry Potter and the Philosopher's Stone*
- New cookery titles from Tom Kerridge, Paul Hollywood, Frances Quinn, Hugh Fearnley-Whittingstall and Russell Norman amongst others
- Books with TV tie-ins include *Jonathan Strange & Mr Norrell* by Susanna Clarke and the second Grantchester Mysteries novel, *Sidney Chambers and the Perils of the Night* by James Runcie
- *Paper Towns* by John Green with film tie-in

** Results for 2013/14 year have been adjusted for the change in policy, announced in July 2014, for the treatment of amortisation of internally generated intangible assets.*
*** Highlighted items comprise amortisation of acquired intangible assets, acquisition related legal and other professional fees and restructuring costs.*

# CHAIRMAN'S STATEMENT

The Group has had a good year. Total revenue is up 1% and operating profit before highlighted items is up 1.2%, in line with market expectations. We have also made encouraging progress on a number of our strategic objectives.

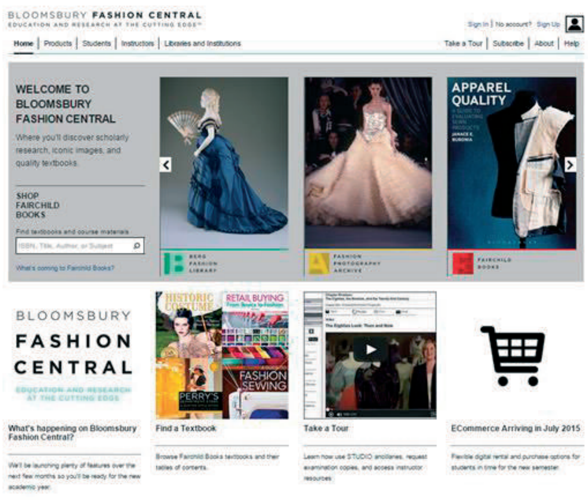
During the year we have taken in-house more of our sales and marketing activities as we look to strengthen direct relationships with our customers, especially in non-consumer areas. Aiming for more predictable earnings, Bloomsbury continues to broaden its business. The acquisition of Osprey Publishing is an example. As a specialist military and natural history publisher, Osprey's sales are not reliant on traditional book retailers and involve more direct relationships with customers who share the specialist interests. We continue to be open to acquisitions that help us to deliver our strategy, in particular to taking attractive opportunities to increase our non-consumer revenues.

Ian Cormack stands down as a Non-Executive Director following the Annual General Meeting. Ian has chaired the Audit Committee with great authority and has made a major contribution to the operation of the Board. We will miss him. After an extensive search process, we are delighted to announce our intention for John Warren to join the Board following the Annual General Meeting. He will succeed Ian Cormack as an Independent Non-Executive Director and Audit Committee Chair. John is a Chartered Accountant with considerable City experience gained as audit committee chair of various businesses including Welsh Water, Greencore Group Plc, 4Imprint Plc, Bovis Homes Plc, Spectris Plc and others. He also was Finance Director of WH Smith Plc and United Biscuits Plc. We look forward to working with him. We will announce further information in accordance with the listing rules upon John's appointment.

I would like to congratulate Bill Swainson, Senior Commissioning Editor, who is leaving the Company this month on his OBE for services to literary translation and for his 15 years of exceptional service to Bloomsbury. I would also like to thank Kathy Rooney for her 29 years of outstanding deal making and reference publishing as Managing Director of Bloomsbury Information and as a member of our Executive Committee. We wish them well.

There is a wealth of talent across the Bloomsbury Group. I would like to acknowledge again the immense contribution of everyone in Bloomsbury and, on behalf of the Board, to thank all staff for their hard work and dedication. The commitment to excellence, the entrepreneurialism and the imagination of our staff are critical to our progress and to our ambition to provide the best possible service to our authors and for users of our online services. The overall strength of our Bloomsbury team enables us to face the challenges with confidence.

**Sir Anthony Salz**
Non-Executive Chairman




Bloomsbury Fashion Central is a recently launched online service that provides customers with access to a substantial resource of fashion related content.

# CHIEF EXECUTIVE'S REVIEW

> "It has been a good year for Bloomsbury and we are pleased with the Group's performance. The spirit of intense focus on performance combined with entrepreneurial drive saw us deliver an impressive result against a backdrop of change in our industry."

**Nigel Newton**
Chief Executive


The year was characterised by the consistent development of the strategic aims of the business – in short, digital investment, a greater proportion of business generated from academic and professional publishing, a greater proportion of sales from non-traditional book retailers and a focus on marketing to discrete communities of interest.

Revenues grew 1.5% year on year to £111.1 million. Profit before tax and highlighted items** of £12.1 million was up 1% year on year* from £12.0 million. Profit before tax was £9.6 million (2014*: £9.5 million).

There were excellent performances in the Children's & Educational division, including strong growth from Harry Potter titles, and in the Academic & Professional division, with strong digital and UK rights revenues mitigating lower print sales. In the Adult division revenues were reduced against a tough comparator which included Khaled Hosseini's *And the Mountains Echoed*, but this was a solid performance in a year with fewer major bestsellers. Bloomsbury Information revenues and profits were flat year on year.

The majority of our revenue comprises title sales, which dipped by 4% year on year to £97.0 million, with digital sales, within this total, reduced by 4% to £11.7 million. Digital sales make up 12.1% of title sales (2014: 12.1%). Higher margin rights and services revenues grew by £5.6 million to £14.1 million and formed 13% of total Group revenues compared to last year's weaker performance of 8%, and previous years of 12% in 2013 and 13% in 2012.

The operating profit margin before highlighted items for the Group was maintained year on year at 11%. Operating profits before tax and highlighted items in the UK business were up by 5% to £11.3 million. In the US profits fell by 7% to £0.7 million reflecting a reduction in academic print title sales. Australia saw another significant growth in profits by £0.2 million to £0.3 million. In its second full year of operation, our Indian publishing business generated revenues of £1.6 million and start-up losses of £0.2 million before the allocation of Group costs, with a particularly encouraging performance from local publishing.

** Results for 2013/14 year have been adjusted for the change in policy, announced in July 2014, for the treatment of amortisation of internally generated intangible assets.*

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

# BESTSELLERS 2014/15

## WORLDWIDE CONSUMER E-BOOK BESTSELLERS 2014/15

**1. And The Mountains Echoed**
*Khaled Hosseini*


**2. Before We Met**
*Lucie Whitehouse*


**3. Heir of Fire**
*Sarah J. Maas*

**4. Kitchen Confidential**
*Anthony Bourdain*

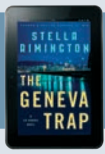

**5. Kite Runner**
*Khaled Hosseini*


**6. Crown of Midnight**
*Sarah J. Maas*

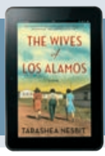

**7. Throne of Glass**
*Sarah J. Maas*


**8. Paper Towns**
*John Green*


**9. The Geneva Trap**
*Stella Rimington*




**10. The Wives of Los Alamos**
*TaraShea Nesbit*

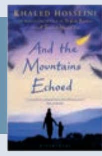



## WORLDWIDE TRADE (PRINT & E-BOOK) BESTSELLERS 2014/15

**1. Best Ever Dishes**
*Tom Kerridge*


**2. Harry Potter box sets**
*J.K. Rowling*

**3. And The Mountains Echoed**
*Khaled Hosseini*



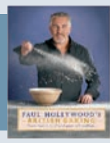

**4. River Cottage Light & Easy**
*Hugh Fearnley-Whittingstall*

**5. Can't We Talk about Something More Pleasant**
*Roz Chast*

**6. Paper Towns**
*John Green*


**7. Harry Potter and the Philosopher's Stone**
*J.K. Rowling*


**8. British Baking**
*Paul Hollywood*



**9. River Cottage Veg Everyday**
*Hugh Fearnley-Whittingstall*


**10. Heir of Fire**
*Sarah J. Maas*


Rank is based on revenue for 2014/15

# CHIEF EXECUTIVE'S REVIEW

In December 2014, Bloomsbury completed the acquisition of Osprey Publishing, the Oxford-based military, heritage and natural history publisher, which now operates within our Adult division. The consideration of £4.6 million was satisfied by the payment of £3.2 million in cash on completion and the issue of 869,054 new Bloomsbury Ordinary shares, which constitute approximately 1.2% of Bloomsbury's outstanding share capital. Osprey had approximately £0.3 million of cash at the time of acquisition. The acquisition, which was immediately earnings enhancing, contributed £1.2 million of revenue and £0.1 million of operating profit before highlighted items to Bloomsbury in the year ending 28 February 2015. This acquisition highlights our strategy of reducing our exposure to the traditional book market. Over the last few years many countries have seen retail bookshop closures and increasing discount pressure from retailers. Although, on the positive side, trade return levels from retailers continue to fall and we continue to see the benefits from reduced print costs and better service levels. Profits from the consumer book market made up 44% of total Bloomsbury operating profit in the 2015 year (2014: 53%).

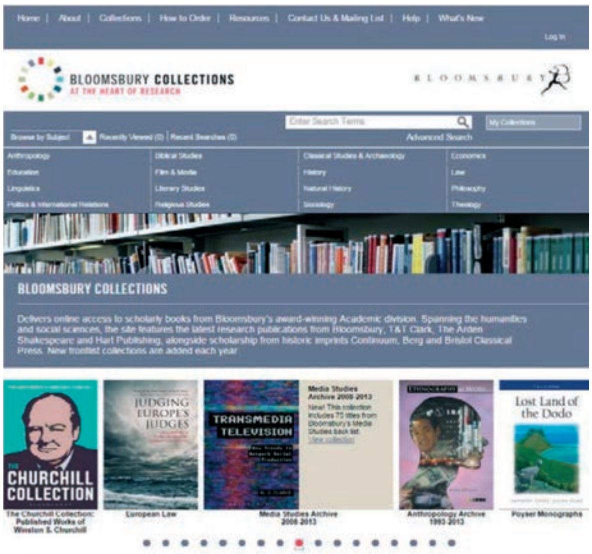
In response to the evolving digital marketplace, the development of online knowledge hubs and intellectual property platforms have become a core part of our business. In light of this, our investment in online platforms, which was previously relatively small, has been increasing. In a statement in July 2014 we announced that we had therefore decided to change the treatment in our financial statements of the amortisation of product and systems development assets, our internally generated intangibles. Previously this amortisation was included within highlighted items, it is now included within profit before tax and highlighted items. The change has no effect on profit before tax or cash. The prior period results for the year ended 28 February 2014 have been represented accordingly, with profit before tax and highlighted items reduced by £1.1 million. In the current year there was £1.4 million of amortisation of internally generated intangibles.

The acquisition of Osprey Publishing, related restructuring and other strategic initiatives have resulted in £0.7 million of costs which, together with amortisation of acquired intangibles, are highlighted separately in the financial statements.

The effective rate of tax for the year was 8.9% compared to 18.7% for the year ended 28 February 2014. The rate reduction reflects the recognition of additional deferred tax assets, including more UK tax losses.

Diluted earnings per share, excluding highlighted items,

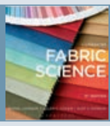

Osprey Publishing, the military, heritage and natural history publisher was acquired by Bloomsbury during the year.




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

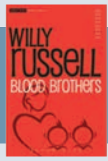
## WORLDWIDE ACADEMIC & PROFESSIONAL (PRINT & E-BOOK) BESTSELLERS 2014/15

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




**2. Swatch Reference Guide to Fashion**
*Deborah Young*

**3. Blood Brothers**
*Willy Russell*

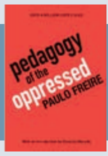



**4. Survey of Historic Costume**
*Phyllis G. Tortora & Keith Eubank*


**5. VAT on Construction Land and Property**
*Martin Scammell*

**6. Core Tax Annuals 2014/15**
*various ([1]see below)*

**7. Pedagogy Of the Oppressed**
*Paulo Freire*




**8. The Dynamics of Fashion**
*Elaine Stone*

**9. A Guide To Fashion Sewing**
*Connie Amaden-Crawford*


**10. Fashion Sketchbook**
*Bina Abling*


Rank is based on revenue for 2014/15

were 14.73p, up 15% from 12.80p in 2014, reflecting the reduction in effective rate of tax. Total diluted earnings per share for the year were 11.90p compared to 10.43p in 2014.

The Group's cash balance net of borrowing drawdowns was £7.5 million at 28 February 2015 (2014: £10.0 million). Cash outflows in the year included £5.3 million for acquisition investment net of cash acquired.

During the year we published 2,415 new titles compared to 2,189 in 2014. 55% of these were in the Academic & Professional division (2014: 49%).

We continue to reduce costs in the business through volume-based tender processes. Having reviewed mono and colour print, prepress, image licensing and conversion costs over the past two years we will be assessing freight costs and editorial services in the forthcoming year.

There will be continued emphasis on our shift to an XML-based workflow which ensures that all Bloomsbury intellectual property has a standard underlying structure, ready for export to all known formats, including print, as well as providing a large degree of 'future-proofing' for any not-yet-known formats that the evolving digital marketplace may demand.

## Divisional Review

### Academic & Professional

Revenues for the year were up by 12% to £36.0 million (2014: £32.1 million). Digital title sales grew by 35% year on year to £4.2 million, more than double the overall industry growth rate in 2014. They now represent 12% of total revenues in the division (2014: 10%). However, against the backdrop of a challenging market for print, total title sales were down 4% year on year to £29.7 million, and were down in each territory except India, which is still in its start-up phase. The print title sales decline was exacerbated by a higher level of returns following de-stocking decisions by some major distributors in the US. The growth in digital sales, together with strong rights sales in the UK, meant that the division's revenues as a whole grew. Copyright licence revenues included two deals worth in excess of £1.5 million each. Licence revenue has above average margins.

Operating profit before highlighted items was £5.1 million (2014*: £3.9 million) and included a £0.5 million one-off stock write-down in Fairchild Books.

Hart Publishing, which was acquired in September 2013, contributed £3.7 million of revenue (2014: £1.8 million) and £1.2 million of operating profit (2014: £0.5 million) before central recharges and excluding highlighted items.

[1] Core Tax Annuals 2014/15 are by Rebecca Cave, Iris Wünschmann-Lyall, Donald Drysdale, Sarah Laing, Mark McLaughlin, Chris Erwood, Andrew Needham and (for the extended manual set) also by Sarah Bradford and Kevin Griffin.

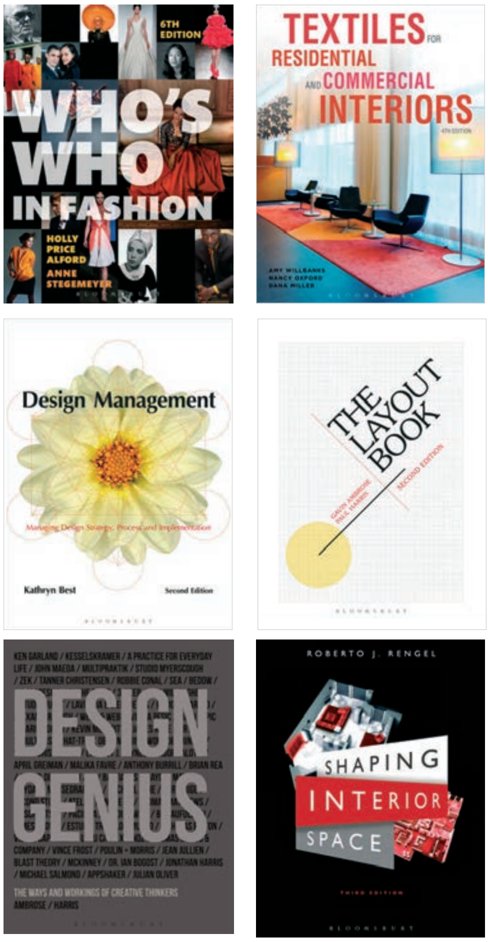
# CHIEF EXECUTIVE'S REVIEW

Following back-to-back wins of the Bookseller Academic, Educational & Professional Publisher of the Year Award in 2013 and 2014, the division was shortlisted again for this award in 2015. It is the first time that an academic publisher has won the award in two consecutive years. The division was also shortlisted for a third time in a row for the 2015 IPG Frankfurt Book Fair Academic Publisher of the Year and Ingram Digital Publisher of the Year.

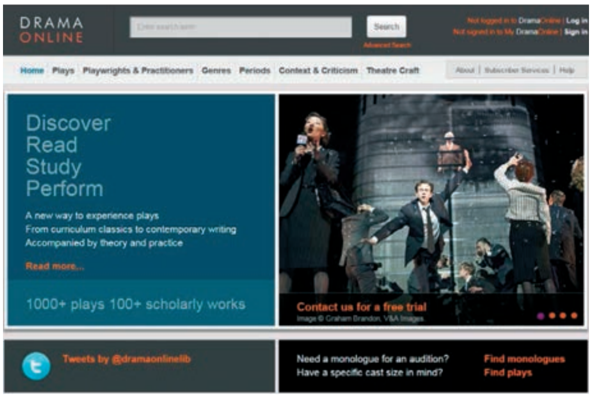
Bloomsbury Academic's digital strategy reflects the changing needs of scholars, students and librarians. In September 2014 we successfully launched a new e-book platform, Bloomsbury Collections, which delivers unique online collections of scholarly e-books for the institutional market on a subscription and perpetual-access basis. 54% of the orders to date have come from outside the UK, demonstrating the potential to grow international digital revenues. This new service will respond to the growing demand for e-books from academic libraries worldwide, offering them direct as an attractive alternative to e-book aggregators: smaller, subject-based collections at a lower cost per book, and a DRM-free, mobile-optimised interface designed around the content. It offers new opportunities for users which include scholars, students and researchers to discover more easily and make the most of the full wealth of Bloomsbury's academic publishing portfolio. Already the site has approximately 4,000 titles, bringing together innovative current research publications alongside more than a century's worth of authoritative scholarship from the backlists of imprints such as Hart, T&T Clark, Bristol Classical Press, Continuum, Berg and the Arden Shakespeare. New collections in further subject areas will follow in future releases, and all newly published academic monographs will go directly on to the Bloomsbury Collections site in digital form.

In February 2015, Bloomsbury launched the instructor part of its major new platform www.bloomsburyfashioncentral.com, which will cater for the needs of fashion educators, students and professionals. From July this year, more than 140 Fairchild Books fashion textbooks will be available in a digital library subscription, for instant e-rental, or to purchase in digital or print, along with online materials to complement courses. This product sits alongside The Fashion Photography Archive, which will include over 600,000 images, and the existing Berg Fashion Library. Fairchild Books continues to be the leader in higher education textbooks for Fashion and Interior Design. Its largest frontlist ever in 2014 included revisions of classic books such as *Who's Who in Fashion, Swatch Reference Guide for Fashion Fabrics, Textiles for Residential and Commercial Interiors, Design Management, The Layout Book, Shaping Interior Space*, and new entries such as *Design*


Recently acquired Hart Publishing, the publisher of law books for the academic and professional markets, contributed £1.2 million of operating profit to 2014/15

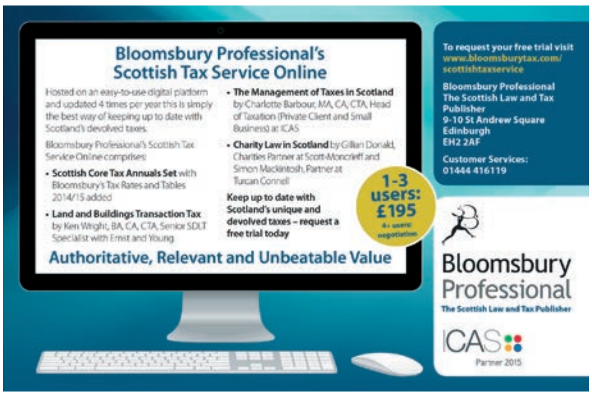



Fairchild Books continues to be the leader in higher education textbooks for fashion and interior design




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


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




Bloomsbury Professional presently has 24 online services

*Genius, Surface Design for Fabric, Designing Sustainable Residential and Commercial Interiors, Apparel Quality and Designing: An Introduction*. We are now the foremost global academic visual arts publisher.

Our partnership with Faber and Faber, www.dramaonlinelibrary.com, received a number of accolades in 2014: it was shortlisted for the IPG Digital Publishing Award 2014 and the Innovation Excellence Award from the Stationer's Livery Company. It has also received "Highly Commended" at the ALPSP Awards for Publishing Innovation.

Continuing the tradition of innovative partnerships, and venturing into multi-media, Drama Online announced 300 titles coming from Nick Hern Publishing and an audio collection from LA Theatre Works. Further collections are being added in 2015 and 2016 to make this the pre-eminent online worldwide collection for performing arts. These new collections will double the size of the resource.

In January 2015 we launched www.churchillcentral.com, the online offering for the 50th anniversary of Churchill's death. The website is a hub that allows Churchill-related organisations to collaborate by contributing and sharing content that will extend the Churchill world. Making 800,000 documents available digitally for the first time, the Churchill Archive stands as a digital library of modern international history. The Churchill Archive for Schools will be made available free for every secondary school in the UK, US and Canada from May 2015.

To support the growth in digital subscription products, in 2014 we invested in a worldwide in-house institutional sales team. This allows us to maintain control of the sales, customer service, marketing functions and data. It also affords opportunities in the cross-selling of other Bloomsbury products.

Bloomsbury Professional has 24 online services, with 191 titles included, and a further seven services in development for 2015. Online revenues grew by over 30% year on year. The continuing growth in online services is reflected in the increase in documents viewed online from 475,000 in 2012 to 1,400,000 in 2014. During 2014 Bloomsbury launched the first online services covering Scottish tax law. Our Financial Reporting and Irish online services both achieved 100% renewal rates in the year. PricewaterhouseCoopers extended its contract with us to publish its Financial Reporting information in both print and online.

# CHIEF EXECUTIVE'S REVIEW

### Adult

Revenue for the year was £44.7 million (2014: £49.9 million). Operating profit before highlighted items was £3.0 million (2014*: £5.1 million). Year on year comparisons are distorted by the huge success of *And the Mountains Echoed* by Khaled Hosseini in the prior year. His book sales this year continue strongly but naturally not at the same level.

We continue to develop our strategy of global publishing through the acquisition of global rights wherever possible. Many of our top-selling titles were successes in multiple markets, including Roz Chast's *Can't We Talk About Something More Pleasant?* which won three prizes in the US, James Runcie's wonderful 'Grantchester' series being shown on both BBC in the UK and PBS in the US, Simon Singh's *The Simpsons and Their Mathematical Secrets* and Charles Spencer's *Killers of the King*.

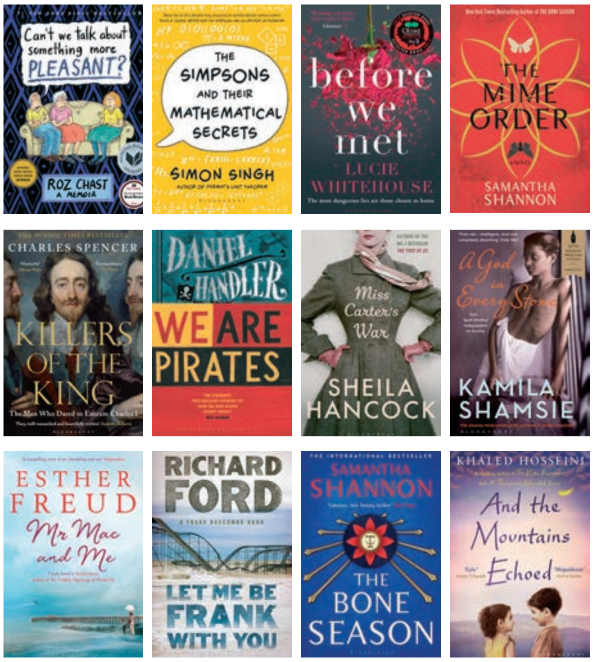
Whilst e-book sales are down year on year, also reflecting the success of Khaled Hosseini's books last year, opportunities for growth continue in many territories and the advent of new devices and new business models such as subscriptions will continue to expand the market. We are beginning to see material sales in India, parts of Europe and the Far East.

Apart from Khaled Hosseini, our fiction offering was led by Lucie Whitehouse's *Before We Met*, Samantha Shannon's *The Mime Order* and continuing sales of *The Bone Season*, Daniel Handler's *We Are Pirates*, Stella Rimington's Liz Carlyle titles, Sheila Hancock's *Miss Carter's War*, Kamila Shamsie's *A God in Every Stone* – which has been shortlisted for the Baileys Women's Prize for Fiction 2015, Richard Ford's *Let Me Be Frank With You* and Esther Freud's *Mr Mac and Me*.

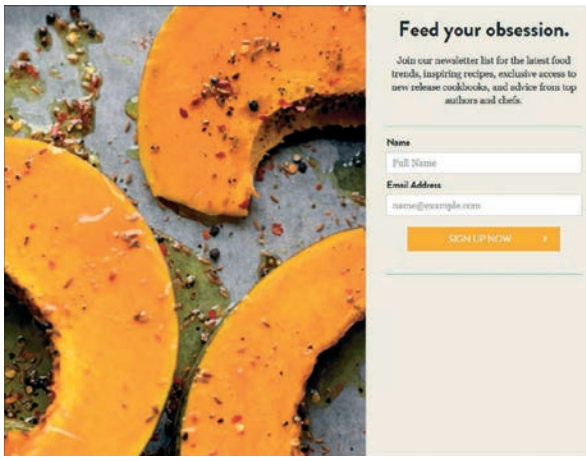
Non-fiction was dominated by our international chefs including Tom Kerridge, Hugh Fearnley-Whittingstall, Heston Blumenthal, Raymond Blanc, Paul Hollywood, Ollie Dabbous, Atul Kochar, Russell Norman and Jason Atherton. This list is now complemented by the launch in March of the cookery subscription site, www.cooked.com. Absolute Press, one of our cookery imprints, was awarded Specialist Consumer Publisher of the Year 2014 at the Independent Publishing Guild Awards.

Literary prizes awarded to our adult titles in the year included the inaugural Folio Prize, awarded to *Tenth of December* by George Saunders, the IMPAC Dublin Literary Award, awarded to *The Sound of Things Falling* by Juan Gabriel Vasquez (translated by Anne McLean) and a Windham-Campbell Prize for Fiction, awarded to Aminatta Forna.

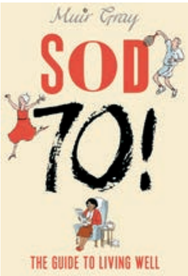
Two of our paperbacks, *And the Mountains Echoed* by Khaled Hosseini and *Before We Met* by Lucie Whitehouse, were selected for the Richard & Judy Summer Book Club, with *And the Mountains Echoed* being chosen by readers as their favourite of all the titles.

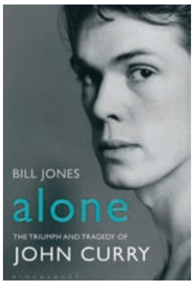


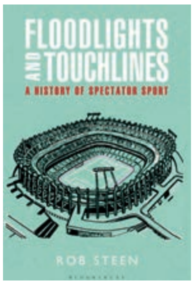

Bloomsbury Adult publishes many works of excellence and originality every year.

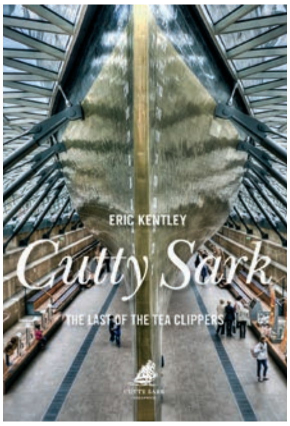


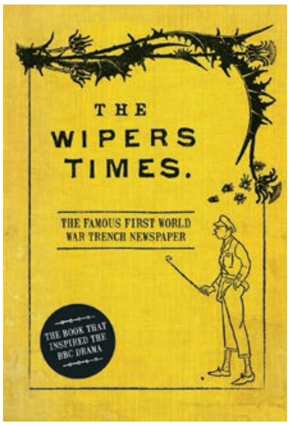

www.cooked.com is a paid subscription site where authors can publish their recipes.



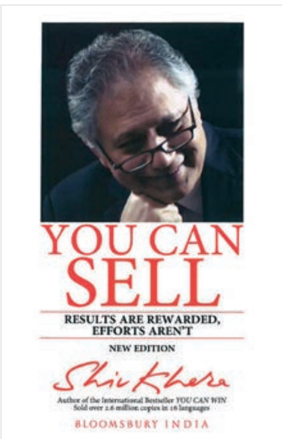


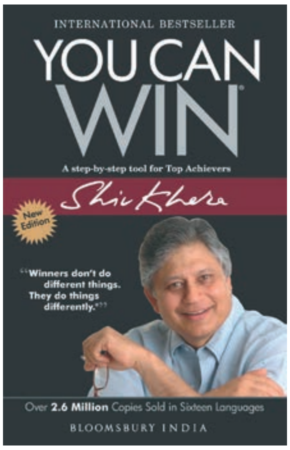





The Conway list acquired by Bloomsbury has over 200 titles from maritime and military history.






Bloomsbury India continues to publish bestsellers.

We had bestsellers in *Sod 70*, Muir Gray's guide to living well in later life, as well as two titles shortlisted for the William Hill Sports Book of the Year award – *Alone* by Bill Jones and *Floodlights and Touchlines*, an all-encompassing history of spectator sport. The acquisition in September 2014 of the highly respected Conway list of over 200 titles from maritime and military history is a wonderful complement to our nautical and military publishing, and *The Cutty Sark* and *The Wipers Times*, the facsimile trench newspaper from the First World War, are already making their mark.

The launch of River Cottage Australia has boosted our sales and market position, confirming Bloomsbury Australia as a significant force there.

Bloomsbury India was delighted to continue the development of Shiv Khera's self-improvement books and we sold nearly 200,000 copies in the year.

Our acquisition of Osprey in December 2014 increased our presence in niche special interest markets, including sport, natural history and cookery, as part of our strategy to reduce exposure to the traditional book trade. Its list is complementary to the existing Bloomsbury military and natural history lists. Osprey is the world's best known military history brand, publishing trademark series in both print and e-book formats, titles with international appeal, covering history from ancient times to the modern day. The Military division is the largest part of Osprey with a significant subscriber database. British Wildlife Publishing publishes high quality books and the British Wildlife magazine for lovers of the natural world. Over 50% of Osprey's revenue is generated outside the UK, principally in the US, thereby increasing Bloomsbury's exposure to the global book market.

**Children's & Educational**

Revenue for the year was £26.6 million (2014: £23.6 million). Operating profit before highlighted items was £2.9 million (2014*: £1.9 million). There was good revenue growth in each of our territories.

The excellent result in this division reflects the success of our three-year strategy and has reshaped the team with focused commercial acquisition, targeted and strategic marketing, brand management together with the launch of a new imprint Bloomsbury Activity Books and the Bloomsbury Picture Books list. Our strategy is working and our pipeline of titles is strong. Our UK educational strategy is to support our publishing imprints with digital innovation for today's teachers and curriculum. Our publishing is high quality and our ambition is to sell our authors' and illustrators' books to as wide an audience as possible, while ensuring children learn to read and develop a love of reading for pleasure.

# CHIEF EXECUTIVE'S REVIEW

Our sales of Harry Potter titles in the year grew by 29% due to the reissue of our Harry Potter novels by J. K. Rowling in August 2014, with striking new covers by Jonny Duddle.

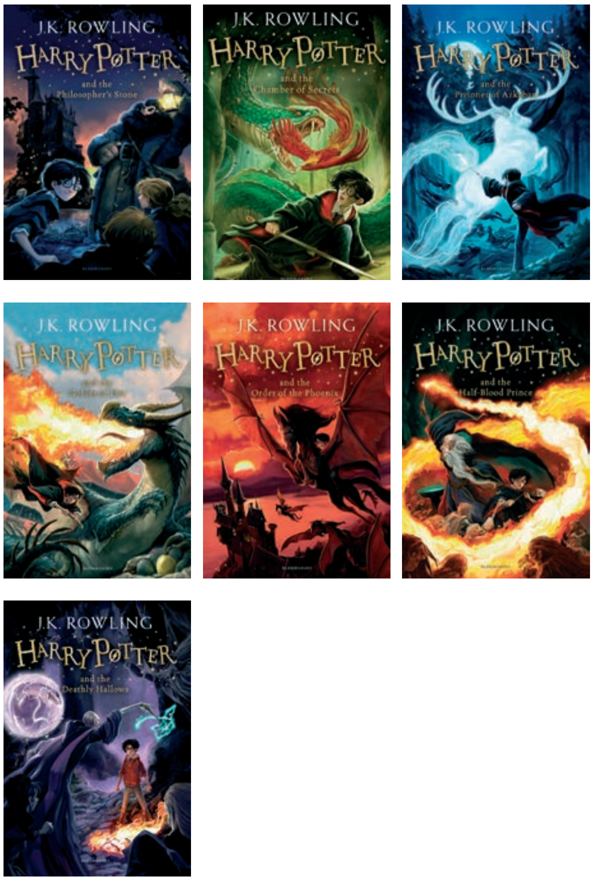
Other publishing highlights were *Paper Towns* by John Green, which was rejacketed in January and sold over 150,000 copies, *The Sleeper and the Spindle* by Neil Gaiman and Chris Riddell, which was published with exceptionally beautiful artwork, *The Imaginary* by A. F. Harrold, illustrated by Emily Gravett and *The Wall* by William Sutcliffe, which was shortlisted for the Carnegie Medal with the judges calling it "an outstanding narrative adventure". *Paper Towns* is due to be released as a film by 20th Century Fox in August 2015.

Picture books and Activity books sales grew by 15% year on year and now account for 13% of the division's sales. Stars on the Picture Book list were *There's a Lion in my Cornflakes* by Michelle Robinson and Jim Field which won the Sainsbury's Picture Book Award and Yasmeen Ismail's *Time for Bed Fred* which won the V&A Book Illustration Award and was named a *New York Times* Best Illustrated Book.

The education team launched its first subscription product, *Music Express Online*. It is a dynamic, visually appealing website that enables primary classroom teachers to teach the music curriculum even if they cannot read or play music themselves. Our objective is to see this product used in every primary school in the UK – whether purchased by individuals, schools or music hubs. It was shortlisted for the Future-book Award for Best Consumer Facing Website, the BETT award for Best Whole Course Curriculum Content award and the Educational Resource Award for Whole Curriculum Resource.

Bloomsbury Spark, our digital first e-book list for the young adult market, celebrated its first anniversary. We have published 18 titles from a range of authors from debut to bestselling. Our Christmas e-novella *Mistletoe and Mr Right* by Lyra Payne will be the first title to move across into print.

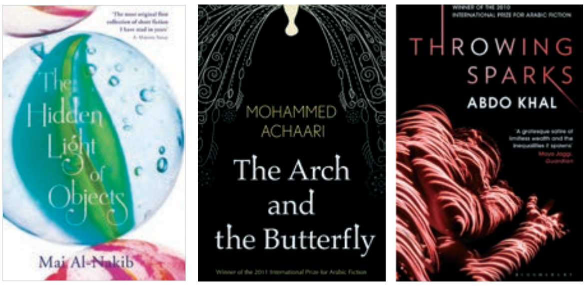
Digital sales in the division moved from 4.9% of revenue in the UK last financial year to 4.5%, mainly reflecting the fact that sales of Harry Potter print titles made up a larger proportion of total sales and Bloomsbury does not sell Harry Potter e-books; and in the US digital sales moved from 16% to 14% of revenue mainly because the biggest selling title, *I Love You Night and Day*, was a picture book. The digital market for children's titles is still predominantly led by young adult fiction.



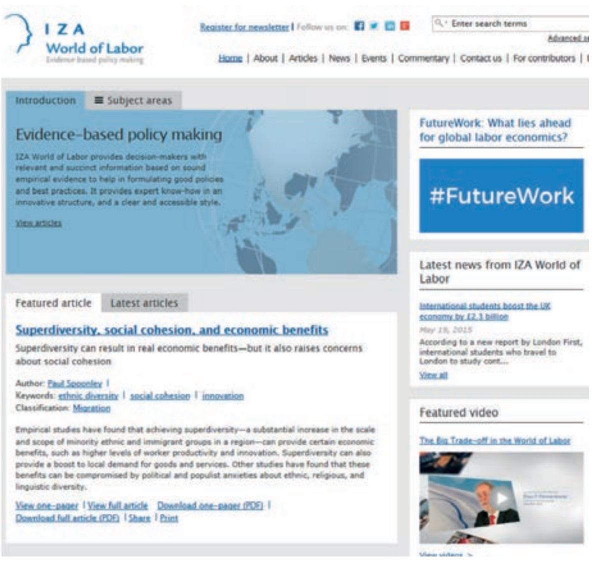


Bloomsbury's Music Express is the UK's best selling and award winning primary classroom music resource.


www.qscience.com is an 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.




Bloomsbury Information publishes award winning books.




IZA World of Labor (wol.iza.org) knowledge hub.

## Bloomsbury Information

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

Revenue was flat year on year at £3.9 million with rights and services making up 90% of that total (2014: 89%). Operating profit before highlighted items was £1.1 million (2014*: £1.1 million).

Bloomsbury content went live on the Lloyds Bank website aimed at their SME business customers during the year, following our three year content licence agreement concluded in the last financial year. Lloyds will continue to launch more Bloomsbury content during 2015 which will provide business thought leadership, insight and best practice to its business customers.

Our management services agreement with Qatar Foundation has been extended on the same terms to December 2015, and the intention of the parties is to enter into a longer term renewal shortly. Both the book and journals sides of that operation performed well in the year. QScience.com, the Open Access journals publishing portal, grew strongly in the year with a joint marketing agreement reached with Nature Publishing Group. Titles published by Bloomsbury Qatar Foundation Publishing in the year included two English translations of novels which won the prestigious International Prize for Arabic Fiction, *Throwing Sparks* by Abdo Khal and *The Arch and The Butterfly* by Mohammed Achaari. *The Hidden Light of Objects* by Kuwaiti author Mai Al-Nakib, who was discovered by BQFP, won the 2014 First Book Award from the Edinburgh International Book Festival.

IZA World of Labor (wol.iza.org) went fully live on 1 May 2014, International Workers' Day, with a launch in Washington DC which was followed by further events aimed at the site's target market of policy-makers in labour economics in Lima, Peru, in London (in partnership with the LSE), and with the OECD in Paris. Visitors to the site have come from 189 countries. Press coverage included the *Washington Post* and the *Daily Telegraph*. The site publishes two articles per week on topics of current interest such as migration, minimum wage, development and education. One recent article, extolling the benefits of companies offering employee share schemes has been particularly well received.

# CHIEF EXECUTIVE'S REVIEW

On the books list, *The Methodological School of Management* was shortlisted for the Chartered Management Institute Management Book of the Year Awards. We concluded a joint publishing agreement with the Ashridge Business School and the first book, *Capitalism's Toxic Assumptions* by Eve Poole, was published in the year.

New content licensing agreements concluded during the year included an arrangement with Stephens Inc. in the US to provide business and financial content for their website. After the end of the licence term to the QFCA, QFinance content is now available at financepractitioner.com.

The market for which Bloomsbury Information supplies solutions remains complex, but the division continues to be well positioned to exploit digital, management and publishing services and other innovative business opportunities for the Group.

## Outlook

Since the year end, trading has been good across all divisions, with the UK and US showing particular strength, with such titles as Celia Imrie's *Not Quite Nice*, *Children of the Stone* by Sandy Tolan, the Harry Potter box set and the re-jacketed *Harry Potter and the Philosopher's Stone* by J. K. Rowling. Bloomsbury's excellent publishing programme for 2015/16 includes *Sweet Caress* by William Boyd, *Big Magic* by Elizabeth Gibert, *The Heart Goes Last* by Margaret Atwood, *The Sunlit Night* by Rebecca Dinerstein, the illustrated edition of *Harry Potter and the Philosopher's Stone* and new cookery titles from Tom Kerridge, Paul Hollywood, Frances Quinn, Hugh Fearnley-Whittingstall and Russell Norman among others. Books with TV tie-ins include *Jonathan Strange & Mr Norrell* by Susanna Clarke and the second Grantchester Mysteries novel, *Sidney Chambers and the Perils of the Night* by James Runcie.

Bloomsbury continues its strategy of growing academic, professional, special interest and educational revenues to reduce the overall exposure of the business to the traditional book market. During 2015/16 we will also continue our focus on digital publishing, launching the new online portals Bloomsbury Fashion Central and the Fashion Photography Archive.

We look forward to delivering continued success.


Not yet released, the fabulous illustrated edition of Harry Potter and the Philosopher's Stone is in the pipeline for 2015/16.


2015/16 has a strong publishing pipeline of many new titles and editions with the potential to be bestsellers.

# GROUP OVERVIEW

## GROUP STRATEGIC SUMMARY

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

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

- Publishing authors and works of excellence and originality;
- Delivering professional services to those seeking publication;
- Combining tradition and technology to achieve excellence; and
- Establishing solid profit streams.

Key areas of focus and the progress we have made in the year are as follows:

| Area of focus | Reason for the focus | Progress in the year |
|---|---|---|
| **Growing non-consumer* revenues so that they match or exceed our consumer revenues.** | Non–consumer revenues have higher margins, are generally a more predictable revenue stream, are less reliant on the retail bookshop environment and have more digital opportunities. They are typically derived from our Academic & Professional and Information divisions and Educational and Special Interest books. | In December 2014 we acquired Osprey Publishing, a special interest publisher. Non–consumer products made up 39% of revenues in 2014/15, up from 35% in 2013/14. |
| **Continuing acquisition of rights to publish outstanding works by undiscovered and established authors.** | Bloomsbury differentiates its brand by the quality of its publishing. | During the year the Group signed up the rights to in excess of 1,700 titles. Bloomsbury titles won a significant number of prizes in the year– these are listed on pages 24 to 28 of these accounts. |
| **Expanding internationally in English language markets.** | This reduces the Group's reliance on the UK market and, in particular, takes advantage of the biggest academic market worldwide in the US and the significant growth in India. | Over 50 percent of Osprey's revenue is generated outside the UK, principally in the US. This acquisition thereby increased Bloomsbury's benefit from the global book market.<br>Revenues sourced from outside the UK reduced to 33% of total Group revenues in 2014/15 (2013/14: 35%). |
| **Creating and exploiting copyright and IP, including by licensing information databases to support major institutions and corporations.** | This reduces the Group's reliance on consumer revenues and increases higher value B2B transactions. | Lloyds Bank have renewed their contract with Bloomsbury in the year. The IZA World of Labor website went fully live on 1 May 2014. A new content licensing agreement was agreed in the year with Stephen's Inc for business and finance content. |
| **Benefitting from the digital opportunity.** | It expands the markets we are in and our revenue opportunities. | Bloomsbury titles available as e-books up 23% year on year to 16,000. A further 5 online products were launched in 2014/15, including Churchill Central and Scottish Tax Law. |
| **Delivering excellent service to our authors.** | Excellent service is core to attracting and keeping our authors. | We have initiated a monthly author survey to monitor the performance of the business in important service areas. |

*Non-consumer: This includes Academic & Professional, Bloomsbury Information, Education and Specialist titles (excluding Cookery)

The Group is organised as four worldwide publishing divisions supported by global functions. A review for each of these publishing divisions follows.

# GROUP OVERVIEW

## 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 significant 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 AVA Books) and law and tax (Tottel Publishing and Hart Publishing). Organic investment has been in digital publishing in services such as Berg Fashion Library, Bloomsbury Professional Tax and Law Online, the Churchill Archive and Drama Online.

**Managing Director: Academic and Professional**
**Jonathan Glasspool**
Jonathan joined Bloomsbury in 1999 and now oversees the development of Bloomsbury's Academic & Professional publishing business and our office in the USA. 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. He also oversees Bloomsbury's US business.

### 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, with a significant US weighting. |
| Digital academic services | Institutional services e.g. Berg Fashion Library, the Churchill Archive, Drama Online, Bloomsbury Collections and Bloomsbury Fashion Central. |
| Professional book and online information publishing | Technical reference resources for qualified and trainee solicitors, barristers, accountants and tax practitioners. |

| Divisional facts | |
|---|---|
| Revenue | £36.0m |
| Revenue - UK | £25.0m |
| Revenue - US | £9.8m |
| Revenue - Other territories | £1.2m |
| Adjusted operating profit | £5.1m |
| Adjusted operating margin | 14% |

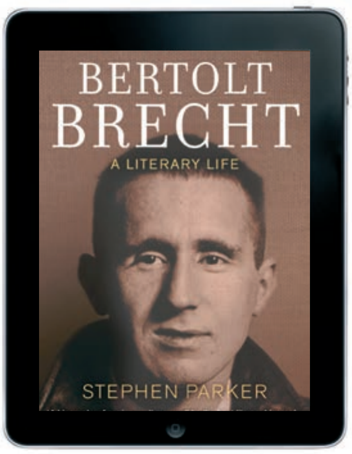
### Examples of key revenue drivers include

- Numbers of students entering higher education in the US and UK and their adoption of textbooks and learning materials.
- Expanding the range of 'must have' information products and services for professional and educational use and driving direct selling B2B of these to institutional purchasers such as law firms, accountancy practices, tax practitioners, and higher education libraries worldwide.

## 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 already-strong lists in humanities and social sciences.
- Expanding divisional sales in international markets

| | Medium-term targets we have set for ourselves | Progress report |
|---|---|---|
| 1 | Number 1 independent humanities and social science publisher in Europe | Number 2 independent humanities and social sciences publisher in Europe. |
| 2 | Number 1 Applied Visual Arts publisher in the world | 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 | Contribute to non-consumer businesses being 50% of Group revenue and 70% of Group profits before highlighted items | Non-consumer products made up 39% of Group revenues in 2014/15 (2013/14: 35%) and 56% of Group profits before highlighted items in 2014/15 (2013/14: 47%) |
| 4 | 50% of sales digital and subscription-based | In 2014/15 12% of sales were digital or subscription based (2013/14: 10%). |



# GROUP OVERVIEW

## 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 Reed's Nautical, Wisden Cricketers' and Whitaker's Almanacks as well as the great institution that is Who's Who.

**Managing Director: Adult**
**Richard Charkin**
Richard is responsible for the Adult general/specialist publishing which includes a number of significant innovative digital and publishing services projects and for Bloomsbury India. He joined the Bloomsbury Board as an Executive Director in October 2007 following ten years as Chief Executive of Macmillian Publishers.

### Business model

| Key revenue blocks | Description |
|---|---|
| Best selling fiction | High volume 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 | £44.7m |
| Revenue - UK | £29.8m |
| Revenue - US | £11.4m |
| Revenue - Other territories | £3.5m |
| Adjusted operating profit | £3.0m |
| Adjusted operating margin | 7% |

### Examples of key revenue drivers include

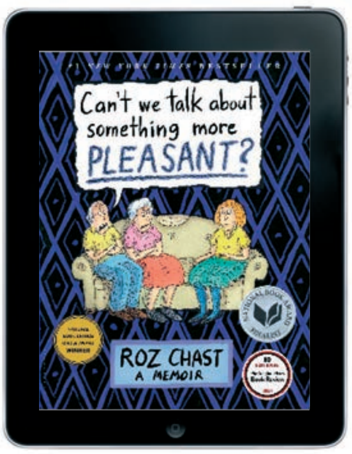
- Winning major literary prizes can help drive the sales for the winning book as can exceptional media coverage such tie-in movies or TV programs.
- The general economy and people's disposable income can affect how many books they buy.
- Growth in English language can drive international sales.

## 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 and natural history | Number 1 in sport, Number 3 in cookery, Number 2 in natural history (Neilsen Bookscan). |
| 2 | Top ten in quality fiction worldwide | Number 6, 48% revenue growth over the year |
| 3 | Destination for quality authors | Continuing to attract and retain the best |
| 4 | 25% of sales are digital | 13% digital (2013/14: 14%) |
| 5 | 50% of sales are backlist | 36% backlist (2013/14: 37%) |



# GROUP OVERVIEW

## CHILDREN & 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 products, including their first subscription product. The trade list acquires books from both the UK and US markets and publishes titles for all ages from 0 to 16. 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, and the Harry Potter novels by J.K. Rowling.

**Managing Director: Children's and Educational**
**Emma Hopkin**

Emma 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. She has also held marketing roles at Pan Macmillan, Routledge and Houghton Mifflin.

### Business model

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

| Divisional facts | |
|---|---|
| Revenue | £26.6m |
| Revenue - UK | £15.7m |
| Revenue - US | £7.9m |
| Revenue - Other territories | £3.0m |
| Adjusted operating profit | £2.9m |
| Adjusted operating margin | 11% |

### Examples of key revenue drivers include

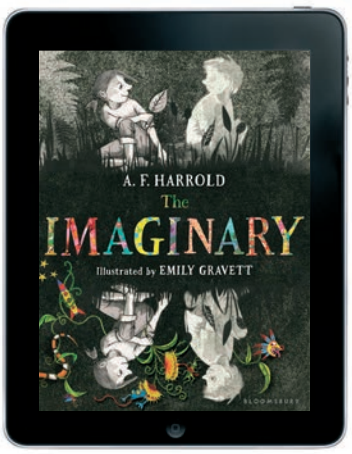
- Larger percentage ownership of world publishing rights for exploitation.
- Strategic marketing campaigns for established and new brands.
- The general economy and people's disposable income can affect how many books they buy.

## 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, to ensure strategic sales and marketing planning along with consumer community building, 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.

| | Medium-term targets we have set for ourselves | Progress report |
|---|---|---|
| 1 | Bloomsbury Activity Books will be a leading, profit generating list | Strong sales growth of 15%, now 13% of divisional sales and generating profit. |
| 2 | Bloomsbury Children's Books will be known for author care, independent spirit and innovation | Continuing to attract and retain the best authors. |
| 3 | 25% of sales are digital | 7% digital (2013/14: 8%) |
| 4 | 50% of sales trade front list illustrated | 40% illustrated (2013/14: 41%) |



# GROUP OVERVIEW

## BLOOMSBURY INFORMATION

### About the publishing division

The Division's primary business is the development and running of digital knowledge hubs mainly in partnership with third-parties. These include http://wol.iza.org which is aimed at policy-makers in labor economics. The site was developed in partnership with the IZA (Institute for the Study of Labor) in Bonn, Germany and was launched in May 2014. The Division provides management services to the Qatar Foundation to develop Bloomsbury Qatar Foundation Publishing, which publishes books of quality and originality in Arabic and English, and the open access, peer-reviewed, research journals' platform, www.qscience.com . The Division also supplies publishing services to organisations such as Lloyds Bank, Ernst & Young and Roland Berger. Its book publishing includes a growing high quality list of business and management titles together with general trade reference works.

**Director: Information**
**Vafa Payman**
Vafa joined Bloomsbury in 2011 and has led Bloomsbury's new business development, including content marketing, managed services and publishing services. He was previously Director of New Media and Video Publishing at Oxford University Press and has 20+ years' experience of business development and digital leadership for global companies. Vafa took up his present role from June 2015 following the departure of Kathy Rooney, Managing Director of Information.

### Business model

| Value generating activities | Description |
|---|---|
| Publishing services | Working with organisations such as Ernst & Young and the consultancy firm Roland Berger. |
| Book publishing | A list of approx 50 titles per year focused on business, management, dictionaries and reference. |
| 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 – US and other | £0.1m |
| Adjusted operating profit | £1.1m |
| Adjusted operating margin | 29% |

### 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 are now established in the US with plans to expand 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.

# GROUP OVERVIEW

## RECENT CORPORATE DEVELOPMENT LANDMARKS FOR BLOOMSBURY

| | Date | Publishing Division Most Affected | Description |
|---|---|---|---|
| Acquisition of Osprey Publishing Ltd | December 2014 | Adult Special Interest | Acquisition of a special interest publisher of military, heritage and natural history titles. |
| Acquisition of Hart Publishing Ltd | September 2013 | Academic & Professional | Acquisition of 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 GmbH | February 2012 | Adult, Children's & Educational | Sale of a loss making German subsidiary. |
| Set up of Bloomsbury India | February 2012 | All | Setting up 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 OVERVIEW

## RECENT PRIZES AND AWARDS FOR BLOOMSBURY

| Title of book/Author | Level | Prize |
|---|---|---|
| **Academic & Professional** | | |
| Academic & Professional division | Shortlist | IPG Frankfurt Book Fair Academic Publisher of the Year |
| Academic & Professional division | Shortlist | Ingram Digital Publisher of the Year |
| Methuen Drama - Drama Online | Winner | US library journal The Charleston Advisor - Best Interface |
| Methuen Drama - Drama Online | Winner | The Stationer's Livery Company - Innovation Excellence Award |
| *An August Bank Holiday Lark*/ Deborah McAndrew | Winner | UK Theatre Awards - Best New Play |
| *Beyond the Screen*/ Sarah Atkinson | Winner | British Association of Film, TV and screen studies Awards |
| *Cannibals*/ Rory Mullarkey | Winner | Harold Pinter Playwriting Prize |
| *Cannibals*/ Rory Mullarkey | Joint Winner | George Devine Award |
| *Cannibals*/ Rory Mullarkey | Winner | James Tait Black Prize for Drama |
| *Chapatti*/ Christian O'Reilly | Shortlist | The Jeff Awards (Joseph Jefferson Awards Chicago) |
| *Chef*/ Sabrina Mahfouz | Winner | Edinburgh Fringe Firsts |
| *Democratic Statehood in International Law*/ Jure Vidmar | Joint Second | 2014 SLS Peter Birks Prize for Outstanding Legal Scholarship |
| *Four Minutes Twelve Seconds*/ James Fritz | Shortlist | 2015 Oliviers - Outstanding Achievement in an Affiliate Theatre |
| *Human Factors in the Built Environment*/ Linda Nussbaumer | Winner | Joel Polsky Prize from the American Society of Interior Designers |
| *Informal Carers and Private Law*/ Brian Sloan | Winner | University of Cambridge's Yorke Prize |
| *International Law and the Construction of the Liberal Peace*/ Russell Buchan | Winner | American Society of International Law's Francis Lieber Society Book Prize 2014 |
| *London Calling: Britain, the BBC World Service and the Cold War*/ Alban Webb | Winner | Longman – History Today Book of the Year Award for 2015 |
| *Moonfleece*/ Philip Ridley | Selected | The 50 Best Culturally Diverse Children's Books (1950 to the present) |
| *Pioneer*/ Curious Directive | Winner | Edinburgh Fringe Firsts |
| *Spoiling*/ John McCann | Winner | Edinburgh Fringe Firsts |
| *Taken At Midnight*/ Mark Hayhurst | Shortlist | 2015 Oliviers - Best New Play |
| *The Critic in the Modern World*/ James Ley | Winner | Pascall Prize for Criticism in 2014 |
| *The International Court of Justice*/ Robert Kolb | Winner | 2014 American Society of International Law Prize |
| *The Novel: An Alternative History, 1600-1800*/ Steven Moore | Winner | The Phi Beta Kappa Society - Christian Gauss Award for Literary Criticism |
| *The Play That Goes Wrong*/ Henry Lewis, Jonathan Burke and Henry Shields | Shortlist | 2015 Oliviers - Best New Comedy |
| *The Play That Goes Wrong*/ Henry Lewis, Jonathan Sayer, Henry | Winner | Whatsonstage Awards - Best Comedy |
| *Tort Law Defences*/ James Goudkamp | Joint Second | 2014 SLS Peter Birks Prize for Outstanding Legal Scholarship |
| *Transnational Terrorism and State Accountability*/ Vincent-Joël Proulx | Winner | 2014 Myres McDougal Prize for best book in Law, Science, and Policy, Society of Policy Scientists |
| **Adult** | | |
| *A God In Every Stone*/ Kamila Shamsie | Shortlist | Walter Scott Prize For Historical Fiction |
| *A Year At Otter Farm*/ Mark Diacono | Winner | Andre Simon Food Book Of The Year |
| Aminatta Forna | Winner | Windham Campbell Prize 2014 |
| *Before We Met*/ Lucie Whitehouse | Selected Title | The Crime Thriller Book Club (Specsavers) |

| Title of book/Author | Level | Prize |
|---|---|---|
| *Can't We Talk About Something More Pleasant?*/ Roz Chast | Finalist | National Book Award For Nonfiction |
| *Can't We Talk About Something More Pleasant?*/ Roz Chast | Winner | National Book Critics Circle Award For Best Autobiography |
| *Can't We Talk About Something More Pleasant?*/ Roz Chast | Winner | Books For A Better Life Award For Inspirational Memoir |
| *Can't We Talk About Something More Pleasant?*/ Roz Chast | Winner | Kirkus Award For Best Nonfiction Book Of The Year |
| *Cool Gray City Of Love*/ Gary Kamiya | Winner | Northern California Book Award - Creative Nonfiction |
| *Dabbous*/ Ollie Dabbous | Winner | Gourmand World Cookbook Awards - Best Chef Cookbook: |
| *Ebony & Ivy*/ Craig Wilder | Winner | Hurston-Wright Award In Non-Fiction |
| *Ebony & Ivy*/ Craig Wilder | Winner | Ala Black Caucus Literary Award—Non-Fiction |
| *Every Grain Of Rice*/ Fuchsia Dunlop | Winner | James Beard Book Awards - International |
| *Floodlights and Touchlines*/ Rob Steen | Shortlist | William Hill Sports Book of the Year Award 2014 |
| *Here Are The Young Men*/ Rob Doyle | Shortlist | Irish Book Awards - Newcomer Of The Year |
| *Historic Heston*/ Heston Blumenthal | Winner | James Beard Foundation - Best Cookbook Of The Year |
| *Historic Heston*/ Heston Blumenthal | Winner | James Beard Book Awards - Cookbook Of The Year, Cooking From A Professional Point Of View, Photography |
| *Historic Heston*/ Heston Blumenthal | Winner | Guild Of Food Writers Awards – Michael Smith Award For Work On British Food |
| Hugh Fearnley-Whittingstall | Winner | Guild Of Food Writers Awards - Derek Cooper Award For Campaigning And Investigative Food Writing |
| Hugh Fearnley-Whittingstall With Nikki Duffy | Winner | Guild Of Food Writers Awards - Evelyn Rose Award For Cookery Journalist |
| *London: Pollen Street Social*/ Jason Atherton | Joint Winner | Food And Travel Reader Awards - Restaurant Of The Year |
| *Maggie & Me*/ Damian Barr | Winner | Paddy Power Political Book Awards - Political Humour And Satire Book Of The Year |
| *Mecca*/ Ziauddin Sardar | Joint Winner | Karachi Literature Festival Peace Prize |
| *Modernity Britain*/ David Kynaston | Winner | Political Book Awards - Political History Book Of The Year |
| *Paul Hollywood's British Baking*/ Paul Hollywood | Winner | Gourmand World Cookbook Awards - Best Pastry Cookbook |
| *Proper Pub Food*/ Tom Kerridge | Winner | Food And Travel Reader Awards - Book Of The Year |
| *Rice's Church Primer*/ Matthew Rice | Winner | Dam Architectural Book Award |
| *River Cottage Light & Easy*/ Hugh Fearnley-Whittingstall | Winner | Gourmand World Cookbook Awards - Best Diet Cookbook For The Public |
| *River Cottage Light & Easy*/ Hugh Fearnley-Whittingstall | Shortlist | Specsavers National Book Award |
| *Scribe: My Life In Sports*/ Bob Ryan | Winner | New England Book Festival Grand Prize - Book Of The Year |
| *She Rises*/ Kate Worsley | Winner | HWA Debut Crown Award |
| *Social Suppers*/ Jason Atherton | Winner | Gourmand World Cookbook Awards - Best Innovative Cookbook |
| *Someone*/ Alice McDermott | Shortlist | Impac Dublin Literary Award 2015 |
| *Spice At Home*/ Vivek Singh | Winner | Gourmand World Cookbook Awards - Best Easy Recipes |
| *Tennessee Williams*/ John Lahr | Winner | Sheridan Morley Prize |
| *Tenth Of December*/ George Saunders | Winner | Folio Prize |

# GROUP OVERVIEW

## RECENT PRIZES AND AWARDS FOR BLOOMSBURY

| Title of book/Author | Level | Prize |
|---|---|---|
| *The Crusades Of Cesar Chavez*/Miriam Pawel | Finalist | National Book Critics Circle, Biography |
| *The Helm Guide to Bird Identification*/ Keith Vinicombe (Illustrator: Alan Harris) | Winner | Birdwatch Bird Book of the Year (2014) |
| *The Hidden Light Of Objects*/ Mai Al-Nakib | Winner | Edinburgh International Book Festival First Book Award |
| *The Lowland*/ Jhumpa Lahiri | Shortlist | Baileys Women's Prize For Fiction |
| *The Lowland*/ Jhumpa Lahiri | Winner | Dsc Prize For South Asian Literature |
| *The Remains Of Love*/ Zeruya Shalev | Winner | Prix Femina - For Foreign Fiction (Prix Femina Etranger) |
| *The Residue Years*/ Mitchell Jackson | Winner | Ernest J. Gaines Award For Literary Excellence |
| *The Signature Of All Things*/ Elizabeth Gilbert | Shortlist | Wellcome Trust Book Prize |
| *The Sound Of Things Falling*/ Juan Gabriel Vasquez | Winner | Impac Dublin Literary Award 2014 |
| *The Wall*/ William Sutcliffe | Shortlist | German Children's Literature Award |
| *The Wives Of Los Alamos*/Tarashea Nesbit | Winner | New Mexico-Arizona Book Awards-Best Historical Fiction |
| Tom Kerridge | Winner | Food And Travel Reader Awards - Chef Of The Year |
| *Tom Kerridge's Best Ever Dishes*/ Tom Kerridge | Shortlist | Specsavers National Book Award |
| *TransAtlantic*/ Colum McCann | Shortlist | Impac Dublin Literary Award 2015 |
| *Two Turtle Doves*/ Alex Monroe | Winner | East Anglian Book Awards - Biography And Memoir |
| *Women Of The World*/ Helen McCarthy | Winner | Political Book Awards - International Affairs Book Of The Year |
| **Childrens & Educational** | | |
| Children's & Educational Division | Shortlist | IPG Children's Publisher of the Year award. |
| *A Taste of Freedom: Gandhi and the Great Salt March*/ Elizabeth Cody Kimmel (Illustrated by Giuliano Ferri) | Selected | Society of Illustrators Original Art Show selection |
| *Alfie in the Garden*/ Debi Gliori | Shortlist | Junior Design Awards - Best Picture Book |
| *Alfie in the Garden*/ Debi Gliori | Shortlist | Prima Baby Awards |
| *Also Known As*/ Robin Benway | Selected | YALSA's 2014 Quick Picks for Reluctant Young Readers List |
| *Apple and Rain*/ Sarah Crossan | Shortlist | Bord Gáis Energy Irish Book Award 2014 in the 'Children's Senior' category |
| *Apple and Rain*/ Sarah Crossan | Shortlist | IBW Book Award 2015 |
| *Apple and Rain*/ Sarah Crossan | Shortlist | CILIP Carnegie Medal 2015 |
| *Apple and Rain*/ Sarah Crossan | Shortlist | CBI Book of the Year Awards |
| *Apple and Rain*/ Sarah Crossan | Shortlist | We Read prize 2015 |
| *Crown of Midnight*/ Sarah J. Maas | Selected | YALSA's Best Fiction for Young Adults List |
| *Dangerous*/ Shannon Hale | Selected | Indie Next List pick |
| *Dead and Buried*/ Anne Cassidy | Shortlist | 2015 Coventry Inspiration Book Awards in the 'Simply the Book' category for ages 14+. |
| *Dragon Love Penguin*/ Debi Gliori | Shortlist | Red House Children's Book Award 2014 |
| *Dragon's Extraordinary Egg*/ Debi Gliori | Selected | NYPL's 100 Titles for Reading and Sharing |
| *Dragon's Extraordinary Egg*/ Debi Gliori | Selected | Amazon Best Book of the Month |
| *Eleven Eleven*/ Paul Dowswell | Shortlist | Trinity Schools Book Award |
| *Found*/ Salina Yoon | Winner | 2014 SCIBA Book Award Picture Book |
| *Found*/ Salina Yoon | Winner | NPR's Best Books of 2014 |
| *Found*/ Salina Yoon | Shortlist | Sheffield Book Awards |
| *Heir of Fire*/ Sarah J. Maas | Ranked 4th | New York Times Bestseller Series list |
| *Heir of Fire*/ Sarah J. Maas | Selected | YALSA's Best Fiction for Young Adults List |

| Title of book/Author | Level | Prize |
|---|---|---|
| *Heir of Fire*/ Sarah J. Maas | Selected | Amazon Best Books of 2014 in Teen & Young Adult |
| *Heir of Fire*/ Sarah J. Maas | Semi-finalist | Goodreads Choice Award: Best Young Adult Fantasy of 2014 |
| *Heir of Fire*/ Sarah J. Maas | Selected | RT Book Reviews Editor's Pick for Best Books of 2014 |
| *Heir of Fire*/ Sarah J. Maas | Selected | Barnes & Noble, Holiday Gift Guide, "This Season's Best Fantasy and Adventure Books for Teens" |
| *Herman's Letter*/ Tom Percival | Selected | Indie Next List pick |
| *Hostage Three*/ Nick Lake | Selected | YALSA's Best Fiction for Young Adults List |
| *I Got the Rhythm*/ Connie Schofield-Morrison (Illustrated by Frank Morrison) | Selected | Indie Next List pick |
| *Knightley and Son*/ Rohan Gavin | Selected | Kirkus Reviews, Best Children's Book of 2014 |
| *Knightley and Son*/ Rohan Gavin | Selected | Indie Next List pick |
| *Knightley and Son*/ Rohan Gavin | Shortlist | Bolton Children's Fiction Award |
| *Knightley and Son*/ Rohan Gavin | Shortlist | Warwickshire Book Awards |
| *Knightley and Son*/ Rohan Gavin | Shortlist | Hillingdon Library Award |
| *Knightley and Son*/ Rohan Gavin | Shortlist | Bolton Children's Fiction Award |
| *Moo!*/ David LaRochelle (Illustrated by Mike Wohnoutka) | Selected | ALSC's 2014 Notable Children's Book List |
| *Moo!*/ David LaRochelle (Illustrated by Mike Wohnoutka) | Selected | Amazon Best Book of the Month |
| *Moo!*/ David LaRochelle (Illustrated by Mike Wohnoutka) | Selected | Amazon Best Books of 2014 in Baby – Age 2 |
| *Mosi's War*/ Cathy MacPhail | Shortlist | RED Falkirk Council Book Award |
| *Mosi's War*/ Cathy MacPhail | Winner | Scottish Children's Book Award (11-16 category) |
| *Odette's Secrets*/ Maryann Macdonald | Selected | Sydney Taylor Notable Book for Older Readers |
| *Open Road Summer*/ Emery Lord | Semi-finalist | Goodreads Choice Award: Best Debut Goodreads Author of 2014 |
| *Open Road Summer*/ Emery Lord | Selected | B&N.com, Best Contemporary YA Romances of 2014 |
| *Princess Academy: Forgotten Sisters*/ Shannon Hale | Ranked 9th | New York Times Bestseller Series list |
| *Specs for Rex*/ Yasmeen Ismail | Shortlist | Junior Design Awards - Best Picture Book |
| *Specs for Rex*/ Yasmeen Ismail | Shortlist | Bord Gáis Energy Irish Book Award 2014 in the 'Children's Junior' category |
| *Specs for Rex*/ Yasmeen Ismail | Shortlist | Prima Baby Awards |
| *Spider Sandwiches*/ Claire Freedman and Sue Hendra | Winner | Sheffield Children's Book Award 2014 |
| *The Dawn Chorus*/ Suzanne Barton | Shortlist | Waterstones Children's Book Prize 2015 |
| *The Imaginary*/ A F Harrold & Emily Gravett | Shortlist | Leeds Book Awards Best Book for 9-11 year olds |
| *The Imaginary*/ A F Harrold & Emily Gravett | Shortlist | Redbridge Children's Book Award |
| *The Imaginary*/ A F Harrold & Emily Gravett | Shortlist | Sheffield Book Award |
| *The Imaginary*/ A.F. Harrold (Illustrated by Emily Gravett) | Selected | Indie Next List pick |
| *The Imaginary*/ written by A.F. Harrold, illustrated by Emily Gravett | Selected | Amazon Best Book of the Month |
| *The Royal Babysitters*/ Clementine Beauvais | Shortlist | Sainsbury's Children's Book Award Fiction category |
| *The Spy Catchers of Maple Hill*/ Megan Frazer Blakemore | Selected | Amazon Best Book of the Month |

# GROUP OVERVIEW

## RECENT PRIZES AND AWARDS FOR BLOOMSBURY

| Title of book/Author | Level | Prize |
|---|---|---|
| *The Wall*/ William Sutcliffe | Shortlist | UKLA Book Award 2014 12 – 16 category |
| *The Wall*/ William Sutcliffe | Shortlist | Grampian Children's Book Award |
| *The Wall*/ William Sutcliffe | Shortlist | Cheshire School Book Award 2015 |
| *The Wall*/ William Sutcliffe | Shortlist | CILIP Carnegie Medal 2014 |
| *There's a Lion in My Cornflakes*/ Michelle Robinson and Jim Field | Winner | Sainsbury's Children's Book Award Picture Book category |
| *There's a Lion in My Cornflakes*/ Michelle Robinson and Jim Field | Shortlist | Sheffield Children's Book Award |
| *Through Dead Eyes*/ Chris Priestley | Shortlist | Wandsworth FAB Award |
| *Through Dead Eyes*/ Chris Priestley | Shortlist | Angus Book Award 2015 |
| *Time for Bed, Fred!*/ Yasmeen Ismail | Selected | Society of Illustrators Original Art Show selection |
| *Time for Bed, Fred!*/ Yasmeen Ismail | Selected | New York Times Best Illustrated pick |
| *Time for Bed, Fred!*/ Yasmeen Ismail | Selected | BuzzFeed, Best Picture Books of 2014 |
| *Time for Bed, Fred!*/ Yasmeen Ismail | Selected | Huffington Post, Honorable Mention for "Best Bedtime" |
| *Time for Bed, Fred!*/ Yasmeen Ismail | Shortlist | Waterstones Children's Book Award 2014 |
| *Urban Outlaws*/ Peter Jay Black | Shortlist | Leeds Book Awards Best Book for 9-11 year olds |
| *Urban Outlaws*/ Peter Jay Black | Shortlist | Bolton Children's Fiction Award |
| *Urban Outlaws*/ Peter Jay Black | Shortlist | Stockton Children's Book Award |
| *Urban Outlaws*/ Peter Jay Black | Shortlist | Northants Book Award |
| *What Makes You YOU?*/ Gill Arbuthnott | Shortlist | Royal Society Young People's Book Prize 2014 |
| *When Mr Dog Bites*/ Brian Conaghan | Shortlist | Lancashire Book of the Year Award |
| *When Mr Dog Bites*/ Brian Conaghan | Shortlist | CBI Book of the year Award |
| *When Mr Dog Bites*/ Brian Conaghan | Shortlist | CILIP Carnegie Medal 2015 |
| *When Mr Dog Bites*/ Brian Conaghan | Shortlist | Peters Book of the Year |
| **Bloomsbury Information** | | |
| *The Methodological School of Management* / Khristenko, Reus et al | Shortlist | Chartered Management Institute Business Book of the Year |
| *The Hidden Light of Objects*/ Mai Al-Nakib | Winner | Edinburgh International Book Festival 2014 First Book Award |
| *Throwing Sparks*/ Abdo Khal | Winner | International prize for Arabic Fiction |
| *The Arch and The Butterfly*/ Mohammed Achaari | Winner | International prize for Arabic Fiction |

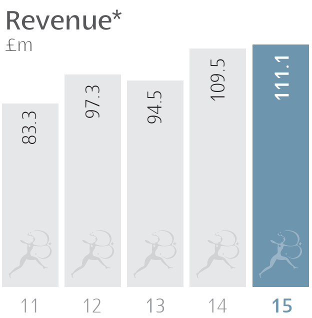
# FINANCIAL REVIEW

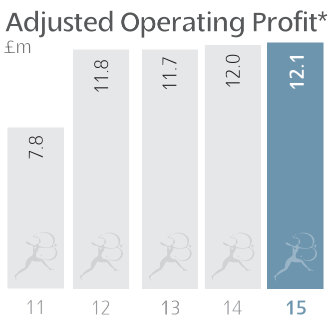
In 2014/15 Bloomsbury increased sales by £1.6 million to £111.1 million generating £12.1 million of profit before tax and highlighted items (2013/14: £12.0 million).

The results for this year largely reflect:

- a good Academic & Professional performance driven by the £6.1 million increase on 2013/14 of digital and rights sales, mitigating a reduction in print sales;
- a sales contribution of £1.2 million from Osprey Publishing, which we acquired on 22 December 2014;
- a reduction in sales in the Adult division, as expected, following the huge success of *And the Mountains Echoed* by Khaled Hosseini last year;
- strong book sales in the Children's & Educational division, due to the success of the Harry Potter rejacketed editions and performance in the US; and
- successful online product launches including Bloomsbury Collections and Churchill Central.

Our Continuing results history for the last five years is shown in the graphs below:

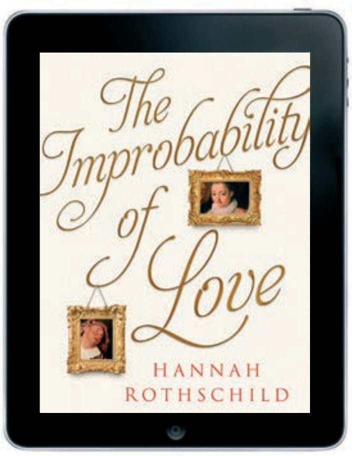



* Revenue and operating profit are for 12 months ended 28/29 February for the years stated. Operating profit is stated before highlighted items. On 28 February 2012 the Company sold Bloomsbury Verlag, its subsidiary in Germany, following a strategic decision to concentrate on English language publishing.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

On 22 December 2014, we acquired Osprey Publishing ('Osprey') which as a special interest business is included in the Adult division. Our other significant acquisition in the past two years was Hart Publishing ('Hart') which was acquired on 2 September 2013 and is in the Academic & Professional division. Underlying numbers disclosed below exclude the results of Osprey and Hart.

During the year we changed the treatment of amortisation of internally generated intangible assets, by excluding it from highlighted items. Amortisation of product development is now included in cost of sales and amortisation of systems development is in administration expenses. Both costs are included in the Adjusted Operating profit figures above. Prior year numbers have been represented accordingly. There have been no other changes in accounting policies in the year.



# FINANCIAL REVIEW

## Summary of results

| | Year ended 28 February 2015 £'m | Year ended 28 February 2014 £'m | Year on year change % |
|---|---|---|---|
| Revenue | **111.1** | 109.5 | +1% |
| Operating profit margin before highlighted items | **11%** | 11% | |
| Net operating cash flow | **10.2** | 11.1 | –8% |
| Effective tax rate | **8.9%** | 18.7% | |
| Profit before tax and highlighted items | **12.1** | 12.0 | +1% |
| Profit before tax | **9.6** | 9.5 | +1% |
| Diluted EPS before highlighted items | **14.73p** | 12.80p | +15% |
| Diluted EPS | **11.90p** | 10.43p | +14% |
| Net cash | **10.0** | 10.0 | – |

## 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 £111.1 million, up 1% on the year ended 28 February 2014 of £109.5 million. There was growth year on year of 13% in the Children's & Educational division, growth in the Academic & Professional division of 12%, offset by a decline in the Adult division of 10%. Revenues in the Information division were flat year on year. Within the Academic & Professional division, Hart contributed an incremental £2.0 million of revenue and £0.7 million of operating profit, before central recharges and excluding highlighted items to the 2014/15 results. Within the Adult division Osprey contributed £1.2 million to revenue and £0.1 million to operating profit before highlighted items. Excluding the impact of the acquisitions of Hart and Osprey, the Group's underlying revenue in the year ended 28 February 2015 of £108.0 million was down on a like-for-like basis by 1%.

| | 2014/15 Total revenue | Proportion of total revenue % | Revenue growth year on year % | 2013/14 Total revenue |
|---|---|---|---|---|
| Print | **85.3** | 77% | –4% | 88.8 |
| Digital | **11.7** | 10% | –4% | 12.2 |
| Total title sales | **97.0** | 87% | –4% | 101.0 |
| Rights and services | **14.1** | 13% | +66% | 8.5 |
| **Total** | **111.1** | 100% | 1% | 109.5 |

Total title sales declined by 4% year on year. Print sales were down by 4% year on year, or down by 1.6% excluding Khaled Hosseini titles in both years. The Digital sales movement broadly comprises a £1.2m year on year reduction in e-book sales of Khaled Hosseini titles offset by organic growth in e-book sales of £0.5m, chiefly led by further digitisation of the Academic & Professional backlist, and £0.2m of sales growth from our online platforms, which are mainly in the Academic & Professional division.

There are now 16,000 Bloomsbury titles available as e-books (28 February 2014: 13,000).

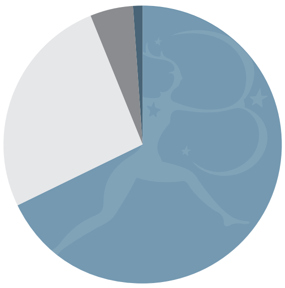
Rights and services revenues are analysed below:

| £m | 2014/15 | 2013/14 | Change | 2012/13 | 2011/12 |
|---|---|---|---|---|---|
| Copyright licenced | **10.2** | 3.8 | +6.4 | 6.3 | 6.3 |
| Trademark licences | **0.4** | 0.7 | –0.3 | 0.7 | 1.2 |
| Management contracts | **2.9** | 3.2 | –0.3 | 4.0 | 3.4 |
| Other | **0.6** | 0.8 | –0.2 | 0.5 | 1.7 |
| **Total** | **14.1** | 8.5 | +5.6 | 11.5 | 12.6 |
| **% Total sales** | **13%** | 8% | | 12% | 13% |

The two key areas that drive this revenue are copyright licence sales and management contract income. Copyright licences include the sale of foreign language, online and other rights to our titles. Revenue growth in the year has been driven by journals licensing and Harry Potter illustration rights, among others. Copyright licence revenues included two deals worth in excess of £1.5 million each. Management contracts include revenues from the IZA World of Labor contract and from our management contract in Qatar. The top three revenue sources in 2014/15 delivered £5.7m profit (52% of total rights and services profit), an increase on 2013/14 when the top three sources delivered £2.8m or 43% of this profit.

The chart below shows where Group revenues were generated for the year ended 28 February 2015. Proportions are similar to last year.

### Group Revenue by Territory




## Gross profit margin and operating profit

The gross margin was maintained year on year at 57%, despite an additional £0.8m being charged in 2014/15 for the amortisation of internally generated intangibles. Without this, the margin rose from 57% to 58%. Stock costs rose from 5% to 6% of sales. They included a £0.5m one-off write down of legacy US Fairchild stock and also increased because of higher returns experienced during the year in the US in our Academic & Professional division in particular, with the Group's effective book returns rate moving to 15.7% from 13.5% last year. Author royalties and advances costs reduced from 16% to 15% of sales , reflecting some large provisions in the US in the prior year.

Group marketing and distribution costs remained at 14% of revenues.

Incremental administration costs relating to our newly acquired businesses, Osprey and Hart, were £0.7 million in the year. The charge for amortisation of internally generated intangibles reduced by £0.4 million because this year some of those costs are now charged to cost of sales. Excluding these two elements, underlying administration costs were flat year on year at £34.4 million.

Group operating profit before highlighted items for the year was £12.1 million, up 1% on last year. The operating profit margin for the Group was 11% (2013/14: 11%).

The acquisition of Osprey and restructuring resulted in costs which, together with the amortisation of acquired intangibles, have been highlighted separately in the financial statements.

Highlighted Items:

| £m | Charge |
|---|---|
| Legal costs relating to acquisitions | 0.2 |
| Restructuring costs (including Hart and Osprey) | 0.5 |
| Amortisation of acquired intangible assets | 1.8 |
| **Total** | **2.5** |

# FINANCIAL REVIEW

## Divisional performance

The table below shows performance by division.

| | Revenue | | Operating profit before highlighted items | |
|---|---|---|---|---|
| | **2014/15 £'m** | 2013/14 £'m | **2014/15 £'m** | 2013/14 £'m |
| Academic & Professional | **36.0** | 32.1 | **5.1** | 3.9 |
| Adult | **44.6** | 49.9 | **3.0** | 5.1 |
| Children's & Educational | **26.6** | 23.6 | **2.9** | 1.9 |
| Information | **3.9** | 3.9 | **1.1** | 1.1 |
| **Total** | **111.1** | 109.5 | **12.1** | 12.0 |

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

Growth in Academic & Professional revenues, up by 12% to £36.0 million (2013/14: £32.1 million), is core to our strategy to balance consumer and non-consumer revenues. Non-consumer revenues are defined as those in our Academic & Professional and Information divisions, together with the Education and Special Interest sub-divisions in Children's & Educational and Adult respectively. In the 2014/15 year total non-consumer revenues were 39% of total revenues (2013/14: 35%) and profits were 56% of total profits (2013/14: 47%).

The good growth in the Academic & Professional division reflects the full year impact of the Hart acquisition, growth in digital sales and copyright licensing. Digital title sales in the division grew by 35% year on year to £4.2 million, boosted by robust online subscription revenue and now represent 12% of total revenues in the division (2013/14: 10%). However, facing a challenging market for print, total title sales were down 3% year on year to £30.0 million. The print title sales decline was exacerbated by a higher level of returns following de-stocking decisions by some major distributors in the US. Operating profit before highlighted items was £5.1 million (2013/14: £3.9 million) and included a £0.5 million one-off stock write-down in Fairchild Books. Hart Publishing, which was acquired in September 2013, contributed £3.7 million of revenue (2013/14: £1.8 million) and £1.2 million of operating profit (2013/14: £0.5 million) before central recharges and before highlighted items.

In the Adult division total net sales declined 11% year on year, however this is against the backdrop of 2013/14 being the strongest year for the division ever, with several bestsellers including *And the Mountains Echoed* by Khaled Hosseini, Tom Kerridge's *Proper Pub Food*, Paul Hollywood's *Pies and Puds* and the 150th anniversary edition of Wisden.

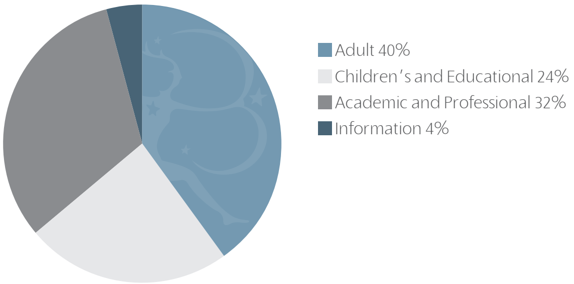
Highlights in the 2014/15 year included the acquisition of Osprey, the world's best known military history brand contributing £1.2m of revenue; Tom Kerridge's *Best Ever Dishes* achieving sales of 258,000 copies; and in-line with the division's strategic aims, year on year underlying growth was seen in the Adult Special Interest divisions including, Sport, Natural History, Popular Science and Maritime History. Operating profit before highlighted items was £3.0 million (2013/14: £5.1 million) representing a good performance in a year with fewer major bestsellers.

The Children's & Educational division sales were up 13% year on year, £26.6 million (2014: £23.6 million). Sales of Harry Potter titles in the year grew by 29% due to the rejacketed Harry Potter novels by J. K. Rowling published in August 2014. The other key contributor to the division's growth was *Paper Towns* by John Green. Digital sales were flat year on year because a large amount of the growth was from activity and pictures books, which tend not to sell in digital formats, and Harry Potter titles, where Bloomsbury does not own the e-book rights. The division saw growth in each territory and now makes up 24% of Group sales (2013/14: 21%). Operating profit before highlighted items was £2.9 million (2013/14: £1.9 million).

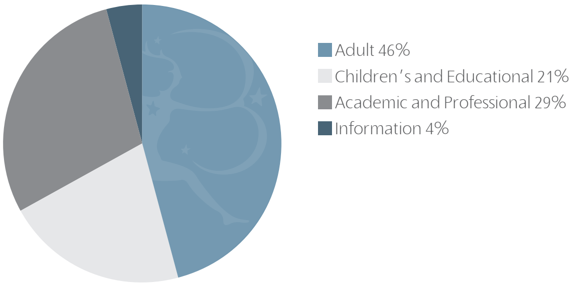
The Information division revenue was flat year on year at £3.9 million with rights and services making up 90% of that total (2013/14: 89%). The core revenue was derived from our management services agreement with Qatar Foundation; and the development of IP-rich knowledge hubs including the IZA World of Labor which went fully live on 1 May 2014 and the Lloyds Bank website aimed at their SME business customers. The Information division operating profits before highlighted items were £1.1 million (2013/14: £1.1 million).

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

### 2014/15 Revenue by Division




### 2013/14 Revenue by Division




## Acquisitions

On 22 December 2014 the Group acquired the issued share capital of Osprey Publishing Limited ('Osprey'), the Oxford-based military and natural history publisher, from private equity ownership, principally The Third Alcuin Fund LP, a fund managed by Alcuin Capital Partners LLP. The consideration of £4.6 million was satisfied by the payment of £3.2 million in cash on completion and the issue of 869,054 new Bloomsbury Ordinary shares to the value of £1.4 million.

The acquisition of Osprey increases our presence in niche special interest markets. It is complementary to, and will substantially enhance, our existing lists; in particular increasing the division's expertise in natural history and military history publishing, as well as international sales. Over 50% of Osprey's revenue is generated outside the UK, thereby increasing Bloomsbury's benefit from the global book market.

## Interest

The net interest expense for the Group for the year was £0.05 million compared with a net interest expense of £0.03 million for 2013/14 due to lower net cash levels, which reduced following acquisitions.

## Taxation

Taxation was £0.8 million for the year, compared to £1.8 million for the year ended 28 February 2014. The effective tax rate was 8.9% (2013/14: 18.7%). Excluding the effect of highlighted items, the effective tax rate for the Group was 8.4% (2013/14: 18.3%). The effective rate of tax is lower this year following the recognition of previously unrecognised deferred tax assets, including more UK tax losses.

## Earnings per share

Diluted earnings per share, excluding highlighted items, were up by 15% year on year to 14.73 pence (2013/14: 12.80 pence) reflecting the growth in profit before tax and highlighted items and the lower effective tax rate. Diluted earnings per share were up by 14% year on year to 11.90 pence (2013/14: 10.43 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 5.08 pence per share, which subject to shareholder approval at our Annual General Meeting on 23 July 2015 will be paid on 23 September 2015 to shareholders on the register at the close of business on 28 August 2015. Together with the interim dividend, this makes a total dividend for the year ended 28 February 2015 of 6.10 pence per share, a 4.8% increase on the 5.82 pence dividend for the year ended 28 February 2014. Over the past ten years the dividend has increased at a compound annual growth rate of 7%.

# FINANCIAL REVIEW

## Capital structure

Our balance sheet at 28 February 2015 can be summarised as set out in the table below:

| | Assets £'m | Liabilities £'m | Net assets £'m |
|---|---|---|---|
| Property, plant and equipment | 2.8 | – | 2.8 |
| Goodwill and intangible assets | 64.1 | – | 64.1 |
| Current assets and liabilities | 91.0 | 42.6 | 48.4 |
| Other non-current assets and liabilities | – | 1.4 | (1.4) |
| Post-retirement obligations | – | 0.2 | (0.2) |
| Deferred tax | 3.6 | 3.1 | 0.5 |
| Total before net cash | 161.5 | 47.3 | 114.2 |
| Net cash | 10.0 | – | 10.0 |
| Total as at 28 February 2015 | 171.5 | 47.3 | 124.2 |
| Total as at 28 February 2014 | 158.1 | 42.1 | 116.0 |
| Increase | 13.4 | 5.2 | 8.2 |

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

Net assets increased by 7% to £124.2 million (2014: £116.0 million) and net assets per share by 6% to 166 pence (2014: 157 pence). The main movements in the balance sheet are explained below.

## Assets

Goodwill and intangible assets increased by £3.3 million to £64.1 million (2014: £60.8 million) principally due to:

- the acquisitions of Osprey increasing goodwill by £1.6 million and other intangibles by £1.6 million;
- additions to product and systems development and assets under construction of £3.1 million (which includes Academic & Professional online knowledge hubs); less
- £3.3 million of amortisation and £0.1 million of exchange differences

Inventories increased 16% to £29.2 million (2014: £25.2 million). This includes £1.8 million of stock acquired as part of the Osprey acquisition. Stock levels have increased in the US following the decision to sell special interest titles from our local distributer in the US.

Trade and other receivables were £61.7 million (2014: £56.8 million). The acquisition of Osprey added £1.5 million to trade receivables and there was an increase of £3.4 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 £6.1 million (2014: £4.7 million) for future returns relating to 2014/15 and prior year sales has been carried forward in trade receivables at the balance sheet date. This provision was 16% of gross trade receivables (2014: 15%), reflecting the higher level of returns within our Academic & Professional division and the Adult division's year with fewer major bestsellers.

## Equity and liabilities

At 28 February 2015 total equity was £124.2 million (2014: £116.0 million). The increase of £8.2 million was due to an increase of £2.0 million from cumulative currency translations, recognition of a merger reserve of £1.4 million from the acquisition of Osprey, the retained profit for the year of £8.7 million (2013/14: £7.7 million) after highlighted items of £2.5 million (2013/14: after highlighted items of £2.5 million), offset by share based payment transactions of £0.4 million and dividends of £4.3 million (2013/14: £4.0 million).

Current liabilities increased 13% to £42.6 million (2014: £37.8 million). Trade payables increased to £18.7 million (2014: £13.7 million) due to an increase in trading levels and £1.1 million coming in from Osprey. Accruals and deferred income, which is included in trade and other payables, decreased to £16.5 million (2014: £17.5 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 of £1.5 million (2014: £3.4 million) decreased by £1.9m which included £2.0 million to cover the third and final instalment of the Fairchild Books and AVA purchase prices. Provisions decreased to £0.02 million (2014: £0.5 million) due to the £0.5 million earned out for the acquisition of Hart.

Non-current liabilities increased by 10% to £4.7 million (2014: £4.3 million). Within that other payables increased to £0.9 million (2014: £0.6 million). The deferred tax liability of £3.1 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 (2014: £10.0 million). The net cash inflow from operating activities, including the effect of highlighted items, was £10.2 million, £0.9 million down on 2013/14. This difference is materially the net of an increase in Group inventories and lower taxes paid in the year. Investing activities for the year ended 28 February 2015 resulted in an outflow of £9.1 million (2013/14: £11.0 million) largely from the acquisition of Osprey, the final instalment payments for Fairchild and AVA acquired in 2012 totalling £1.9 million, the payment of £0.5 million Hart contingent consideration and investment in product and systems development; the outflow in 2013/14 included £6.2 million for the acquisition of Hart. The net cash of £1.7 million used in financing activities was predominantly made up of dividend payments of £4.3 million (2013/14: £4.0 million) net of a £2.5 million drawdown of the revolving credit facility at the year end (2014: £nil).

## Liquidity

The Group has an unsecured revolving credit facility with Lloyds Bank plc. At 28 February 2015 the Group had at its disposal £13 million of undrawn borrowing facilities (2014: £12 million) comprising an £11 million committed revolving loan facility and a £2 million overdraft. The overdraft facility is available until November 2015 and the loan facility matures in May 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.

**Wendy Pallot**
Group Finance Director

# RISK FACTORS

Outlined in the table on pages 38 and 39 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 cautioning note 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 contributors, readers and shareholders.

Further details of the strategy are given in the section Group Overview on page 15.

Information on how we take account of social and environmental matters when implementing our strategy is included in Corporate Responsibility on pages 40 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

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

In competition with other publishers, Bloomsbury's publishing teams acquire the intellectual property rights to publish the works of authors. Ultimately, the authors and their literary agents control which rights each publisher acquires. Bloomsbury focuses on publishing worldwide in English but getting the specific rights desired can entail acquiring an assortment of other rights. Bloomsbury re-sells on to other publishers any rights it does not need, which generates an income stream. When it makes financial sense, Bloomsbury also sells the publishing rights to titles in its extensive backlist e.g. for a book in a series published by another publisher which is valuable to them to complete the series.

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

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

## 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-trade 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 trade 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 trade 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 time, cost and expertise required to build up an academic publisher acts as a barrier to entry for significant new competitors.
- ***Established business:*** Bloomsbury continues to successfully develop 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 relative to general trade publishing.

### 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 with works originally published in the UK and US.

### One Global Bloomsbury

Bloomsbury is structured as four worldwide publishing divisions under a global brand supported by centralised group sales, marketing, production and head office functions. This 'One Global Bloomsbury' structure addresses a number of risks and process issues:

- ***Extended territorial reach of the sales and marketing teams:*** Sales and marketing teams are unified into a single global function to meet the needs of a worldwide market.
- ***Editorial economies of scale:*** Regional editorial teams based close to authors focus on acquiring world English rights for exploiting by the Group.
- ***Functional economies of scale:*** The book 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 closely together.

# RISK FACTORS

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 trade books for both children and adults focus on bestsellers and can be both seasonal and volatile | Develop special interest, academic and professional publishing where revenues are less volatile<br><br>Develop other revenue streams including from rights and services increasing the scope to enter annually renewing agreements. |
| | *Increased importance of internet retailing* | Internet retailing is a key sales channel. | Grow expert marketing teams skilled in digital who understand the book buying behaviours of readers.<br><br>Engage with multiple internet retailers.<br><br>Increase focus on developing other marketing opportunities and other revenue streams e.g. rights and services<br><br>Grow e-book sales |
| **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 by multiple parties including the main customer | Increase the number of rights and services deals to reduce the dependency on individual deals. |
| | *Non-renewal of larger subscription and services agreements* | The customer or partner might not renew agreements that generate significant ongoing income | Senior managers responsible for ensuring strong performance by Bloomsbury of its obligations and strong customer care.<br><br>Increase the portfolio of agreements to reduce the dependency on individual agreements. |
| | *Entrepreneurial risk* | A deal may require upfront staff time and costs but may fail to close resulting in lost investment | Similar to ordinary publishing risks: increase the portfolio of deals to leverage economies of scale and absorb volatility |
| **Move to digital** | *E-book sales plateau* | Rise in e-book sales in US and UK may slow | Ensure Group is positioned to take advantage of e-book emergence in international markets<br><br>Use social media and other digital marketing to encourage direct sales to consumers<br><br>Continue to supply books in all formats through multiple digital delivery systems aligned with the demands of readers. |

| Key area | Risk | Description | Mitigation |
|---|---|---|---|
| **Information and technology systems** | *Productivity of IT systems and data* | Continuing to improve staff efficiency depends on the IT systems and data keeping pace with the needs of the business. | Board level representation on steering IT strategy, implementation and IT operations. |
| **Financial Reporting** | *Valuation of assets and provisions* | Significant assets and provisions in the balance sheet depend on assumptions over the value e.g. goodwill, advances, intangible rights and inventory, returns provisions. | Prudent approach to assumptions.<br>Board approval of key assumptions.<br>Rigorous audit of valuations. |
| **Title acquisition** | *High advances sought by agents. World rights not acquired* | Agents seek high advances for some authors | Publish more special interest trade books e.g. academic and professional |
| | | Agents prefer to split territorial rights for English language publishing between US and UK | Focus acquisition on titles where world English rights are available |
| | | | Concentrate on academic publishing where world rights are the norm |
| **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 |
| **Overseas operations** | *Satellite offices* | Growing offices in the US, Australia and India | One Global Bloomsbury structure of four global publishing divisions supported by Group functions provides an effective internal control framework and oversight of the satellite offices. |

# CORPORATE RESPONSIBILITY

Bloomsbury's core business is the worldwide promotion of literature and information for readers of all ages, which has a high social value. We aim for integrity in all our activities, consider our impact on society and the environment and maintain high ethical standards. This is key to our commercial success, and ability to deliver good returns to our shareholders, which depends on attracting and retaining talented authors who want us to publish them and 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 twenty five 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 significant direct beneficial 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 range of our support worldwide:

**Corporate volunteering and educational development**

- A Bloomsbury UK employee recently 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 guide for children particularly in schools in non-urban areas. The book is being promoted through the India state education system for distribution to school children. Our Australia office supports Indigenous Literacy Foundation events.
- Bloomsbury's Chief Executive is President of Book Aid International that gifts approximately 500,000 books a year to libraries in Africa.
- 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.

**Corporate donating**

- Our Australia, US and UK 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 e.g. 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 Book Trust, Barnardos, Oxfam, Red Cross and smaller organisations local to our offices worldwide e.g. our UK office donated books to an appeal for children living in poverty in London and our Adlard Coles Nautical imprint donates sea-related books to the RNLI for fundraising.
- The Bloomsbury Institute (the events function of Bloomsbury) has organised charitable fund raising events such as for British Dyslexia Association, Book Aid and to celebrate International Women's Day with guest speakers such as Bob Geldof, William Boyd and Aminatta Forna. We organised Writers & Artists writing masterclasses to raise money for Book Aid International.

- We are a sponsor and partner of World Book Day that was established by UNESCO to promote reading amongst children and adults.

We make a small number of targeted minor cash donations each year predominantly to not-for-profit organisations that support literature, literacy and education, which in recent years has included to Book Aid International, the Independent Publishers Guild, The Charleston Trust and Woodland 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**

- A significant number (over 40) of our employees worldwide, both through a Bloomsbury coordinator and privately, 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 often from disadvantaged backgrounds where their opportunities to develop reading skills may be hindered.

- Bloomsbury employees attend schools and colleges to give talks on careers, such as in publishing and IT, and on reading skills required in the workplace. They also assist young people with interview practice and school magazines.

- In Ghana, Bloomsbury employees spent time supporting a library in a shipping container, helped local children with learning English and maths and provided tuition on journalism and publishing a school magazine. Another employee visited Togo to teach digital communication to children, in order for them to participate in the democratic and global conversation.

- In their 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 many voluntary associations such as for editors promoting the publication of children's books or the conservation of books.

- In our offices worldwide the employees volunteer regularly to help their local communities and to assist good cause such as for homeless and vulnerably housed people and for providing meals to sick and disadvantaged people e.g. our employees give presentations at conferences and use their digital publishing skills to support a charity for young people living with type 1 diabetes.

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 e.g. a Bloomsbury employee has established a scholarship scheme for a US University and US employees volunteer for the New York Public Library.

**Staff donating**
Bloomsbury employees worldwide often call on their colleagues for fund raising sponsorship such as with marathons, cake sales and many other employee-inspired activities. Our offices will put up teams to participate in events e.g. the staff of Bloomsbury Professional put together a hamper as part of Mid-Sussex Christmas hamper project for vulnerable families, and our employees helped raise money for a charity event run by The Book People.

## 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 2015 the numbers of employees by each sex is:

| | Female | Male |
|---|---|---|
| All employees of the Group [1] | 396 (68%) | 183 (32%) |
| Senior managers of the Group [2] | 5 | 2 |
| Directors of the Group parent company | 2 | 5 |

1. Excludes Non-Executive Directors and workers who are freelance consultants and temps.
2. Includes the heads of publishing divisions, group functions and country heads who are not Executive Directors on the parent company Board.

The Board aims for 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 objective. 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.

# CORPORATE RESPONSIBILITY

## 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, internal news letters, 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 of 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/agents, suppliers and other third parties. Bloomsbury has whistleblower procedures, which it publishes at www.bloomsbury-ir.co.uk enabling employees, other categories of workers and third parties 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 encourage family friendly working practices such as flexible working hours and recognise that experienced employees returning to work following maternity, paternity or other career breaks are an asset.
- ***Equality of opportunity:*** Bloomsbury has a diverse workforce and follows a policy that no employee or other person receives more or less favourable treatment on the grounds of gender, sexual orientation, colour, race and ethnic origin, nationality, religion, disability or age. This extends to any person known to be HIV positive. The Human Resources function monitors compliance with the policy and with applicable legislative requirements to ensure the equality of opportunity in the recruitment, selection and promotion of employees. Grievance and disciplinary procedures protect employees from discriminatory behaviours and attitudes.

- ***Disabled persons:*** Group policy is to offer equal treatment in respect of the recruitment, training, career development and promotion of disabled persons. Should people become disabled during the course of their employment, the Group will seek to retain their services and to provide retraining where necessary.
- ***Human Rights:*** Bloomsbury is committed to meeting its responsibility to respect human rights. The nature of the business makes 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 is needed is taken promptly. Bloomsbury is committed to complying with employment and other legislation applicable to the locations in which it employs people ensuring the human rights of individuals are protected.

## Health and safety

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

The Group maintains H&S risk assessments and accident books for all its locations worldwide (including where there is no local legal requirement to do so) and staff are encouraged to report all accidents or near misses. During the year there were no 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) have responsibility for environmental matters of their teams. These people report to the Chief Executive who has overall Board level responsibility for environmental matters and issues.

The impact on the environment of our business predominantly arises from the activities the Group subcontracts to its suppliers including the printing, production, distribution, recycling and disposal of printed books. Bloomsbury also has office based editorial, product development, sales and administrative activities, which operate through an employee workforce based at offices in the UK, 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 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 manufacture:*** we require all of our contracted print suppliers, worldwide, to be FSC-certified and we make regular trips to their factories to monitor their recycling and other locally relevant environmental initiatives. These visits also provide an opportunity to view employment practices at first hand, including employee minimum age and working conditions. Other required accreditations to act as a supplier to the Group are ISO 9001 and ISO 14001. Where the manufacture/handling of novelty items is involved, e.g. on our Children's lists, we also require ICTI accreditation.
- ***Building and office facilities:*** most of our employees travel to work by public transport and we support part-time and home-working. We provide bicycle storage for staff who ride to work. For most employees we have implemented separate recycling bins for different waste materials so that a significant proportion of our office waste is recycled. Lights are generally fitted with motion detectors and our office policy is to turn off lights out of hours when not in use.

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

# CORPORATE RESPONSIBILITY

## Environmental targets

Our target is to beat the greenhouse gas and waste production normalised tonnes per £m revenue averaged for the previous 2 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.

## 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 aligning with the 2006 Government Guidelines, Environmental Key Performance Indicators, Reporting Guidelines for UK Businesses. In respect of greenhouse gases, we report consumption of natural gas, vehicle fuel and electricity in kWh, converted to CO2-e following the protocols provided by the Department for Environment, Food and Rural affairs (DEFRA). Emissions have been categorised against the Greenhouse Gas Protocol scopes of reporting. This information is unaudited.

During the year, we improved the recording of refrigerant use, which led to a higher reported use in 2015 of 6.9 tonnes (2014: 1 tonne). A reported increase of 29% of CO2 for Scope 1 and Scope 2 (see below) emissions to 568 tonnes for 2015 (2014: 442 tonnes) can be attributed to the leased building of a recently acquired business and improvements in data recording at several sites.

## Scope 1 Direct impacts

| Greenhouse Gases | Definition | Data Source and Calculation Methods | Absolute Tonnes CO2-e 12 months to 28 Feb 2015 | 2014 | Normalised Tonnes Per £m Revenue 12 months to 28 Feb 2015 | 2014 | Target Tonnes Per £m Revenue 12 months to 28 Feb 2015 |
|---|---|---|---|---|---|---|---|
| **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 for the London office (Headquarters). Data scaled up by number of employees to estimate emissions for Dublin and Edinburgh serviced offices. Natural gas was not used in India and Australia offices. | **23.6** | 23 | **0.15** | 0.21 | **0.39** |
| **Refrigerants** | Emissions from refrigerant leakage | Refrigerant use provided only for London office and not estimated for other sites as not considered applicable. | **6.9** | 1 | **0.06** | 0.01 | **0.01** |
| **Company Cars** | Emissions from petrol and diesel consumption | Annual consumption in litres calculated from fuel bills for UK/ Converted according to Defra Guidelines. There are no company cars in India and the US offices. Previous year data was used for Australia. | **30.7** | 46 | **0.28** | 0.42 | **0.40** |
| **Total Scope 1** | | | **61.2** | 70 | **0.55** | 0.64 | **0.79** |

## Scope 2 Supply chain impacts (Purchased Electricity)

| Greenhouse Gases | Definition | Data Source and Calculation Methods | Absolute Tonnes $CO_2$-e 12 months to 28 Feb 2015 | Absolute Tonnes $CO_2$-e 12 months to 28 Feb 2014 | Normalised Tonnes Per £m Revenue 12 months to 28 Feb 2015 | Normalised Tonnes Per £m Revenue 12 months to 28 Feb 2014 | Target Tonnes Per £m Revenue 12 months to 28 Feb 2015 |
|---|---|---|---|---|---|---|---|
| **Electricity use** | Directly purchased electricity, which generates Greenhouse Gases | Annual consumption of directly purchased electricity in kWh collected for the London, Oxford, Alton and Haywards Heath offices, US and India offices. Data has been scaled up by number of employees to estimate emissions for operations in the rest of the US and Australia. KWhs data converted according to Defra, EPA and IEA. | **506.4** | 372 | **4.56** | 3.41 | **3.7** |

## Waste

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

| Greenhouse Gases | Definition | Data Source and Calculation Methods | Absolute Tonnes CO2-e 12 months to 28 Feb 2015 | Absolute Tonnes CO2-e 12 months to 28 Feb 2014 | Normalised Tonnes Per £m Revenue 12 months to 28 Feb 2015 | Normalised Tonnes Per £m Revenue 12 months to 28 Feb 2014 | Target Tonnes Per £m Revenue 12 months to 28 Feb 2015 |
|---|---|---|---|---|---|---|---|
| **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, US and India offices. UK disclosed data scaled up to estimate quantity for operations in the rest of the UK and the US. Previous year data was used for Australia. | **78** | 76 | **0.71** | 0.60 | **0.71** |
| **Recycled** | General office waste sent to recycling facilities | Annual quantity of waste generated in London offices, Oxford sites, US office and India. UK disclosed data scaled up to estimate quantity for operations in the rest of the UK and the US. Previous year data was used for Australia. | **51** | 46 | **0.46** | 0.43 | **0.50** |

# 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 2,500 books a year from its offices in the UK, US, India and Australia.

Nigel Newton serves as Chairman of the British Library Trust, President of Book Aid International, Chairman of the Charleston Trust, 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 and Member of the Advisory Committee of Cambridge University Library.

### Wendy Pallot

**Finance Director**

Wendy Pallot is a graduate 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, President of the International Publishers Association, a Trustee of Common Purpose Charitable Trust, and a member of The Advisory Board of the Frankfurt book Fair. He was President of the UK Publishers Association, Director of the Federation of European Publishers, and a Non-Executive Director of Melbourne University Publishing. He received an MA from Cambridge University for the Natural Science Tripos; 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 10 years as senior partner and over 30 years as a corporate lawyer with Freshfields. He is Trustee of the Tate Foundation, the Royal Opera House, the Paul Hamlyn Foundation, the Scott Trust and Reprieve.

Sir Anthony 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 thirty years. A former member of the Chancellor's City Advisory Panel, he has served on committees for the London Stock Exchange, CHAPS, APACS, the European Securities Forum, Cedel and the Bank of England 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.

### Jill Jones

**Independent Non-Executive Director**
**Chair of the Remuneration Committee**
Jill Jones joined the Bloomsbury Board in July 2013. She is Managing Director, 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 a member of the Publishers Association Council 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

### Michael Daykin

**Group Company Secretary**
Michael Daykin is a graduate Chartered Company Secretary (FCIS) and Chartered Accountant (FCA) 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 | – |
| | Nigel Newton | Chief Executive | During 1986 | – |
| | Ian Cormack | Senior Independent Director | 1 January 2011 | – |
| | Richard Charkin | Executive Director | 1 October 2007 | – |
| | Wendy Pallot | Finance Director | 8 April 2011 | – |
| | Jill Jones | Independent Non-Executive Director | 23 July 2013 | – |
| | Stephen Page | Independent Non-Executive Director | 20 August 2013 | – |
| Audit Committee | Ian Cormack | Chair of the Committee | 1 January 2011 | – |
| | Jill Jones | | 23 July 2013 | – |
| | Stephen Page | | 20 August 2013 | – |
| Remuneration Committee | Jill Jones | Chair of the Committee | 23 July 2013 | – |
| | Ian Cormack | | 1 January 2011 | – |
| | Sir Anthony Salz | | 29 August 2013 | – |
| Nomination Committee | Sir Anthony Salz | Chair of the Committee* | 29 August 2013 | – |
| | Nigel Newton | | 20 September 2014 | |
| | Ian Cormack | | 1 January 2011 | – |
| | Jill Jones | | 23 July 2013 | – |
| | Stephen Page | | 20 August 2013 | – |

* Sir Anthony Salz was appointed as Chair of the Nomination Committee from 9 July 2014.

# 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 2015. 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 40 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 can be 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 29 to 35. Profit After Tax for the Group's operations for the year was £8.7m (2013/4: £7.7m).

The Directors recommend a final dividend of 5.08p (2013/4: 4.84p) per share payable on 23 September 2015 to shareholders on the register at the close of business on 28 August 2015. The dividends paid and proposed by the Company for the year ended 28 February 2015 and year ended 28 February 2014 are as follows:

| Dividend | Dividend per share | Total dividend | Record date | Paid/payable date |
|---|---|---|---|---|
| **2015 Final (proposed)** | 5.08p | £3.8m | 28 August 2015 | 23 September 2015 |
| **2015 Interim** | 1.02p | £0.7m | 7 November 2014 | 4 December 2014 |
| **Total** | **6.10p** | **£4.5m** | | |
| 2014 Final | 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 | | |

## 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 in the year (if applicable) | Date resigned in the year (if applicable) |
|---|---|---|
| **Non-Executive Chairman** | | |
| Sir Anthony Salz | – | – |
| **Independent Non-Executive Directors** | | |
| Ian Cormack | – | – |
| Jill Jones | – | – |
| Stephen Page | – | – |
| **Executive Director** | | |
| Nigel Newton | – | – |
| Richard Charkin | – | – |
| Wendy Pallot | – | – |

Details of Directors' service contracts and Directors' interests in shares, awards and options are shown in the Directors' Remuneration Report on pages 65 to 82. 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 82 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. No Directors fall due to offer themselves for election under this provision.

The Articles require that any Director who did not stand for re-election in either of the two proceeding AGMs must retire by rotation. No Directors fall due to offer themselves for election under this provision.

The Articles also require that one third of Directors who have remained in office for the longest period since being elected or re-elected shall retire at the forthcoming Annual General Meeting. Accordingly, Wendy Pallot and Ian Cormack shall retire at the forthcoming Annual General Meeting. Wendy Pallot being eligible offers herself for re-election. Ian Cormack shall retire from the Board at the AGM.

The Chairman on behalf of the Board confirms that the Director proposed for 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 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.

## Director conflicts of interest

Procedures are in place to ensure compliance with the Directors' conflict of interest duties set out in the Companies Act 2006. These procedures have been complied with during the year and the Board considers that these procedures operate effectively. 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 ongoing basis.

## Charitable and political donations

The Group made charitable donations of £4,621 in respect of the year (2014: £6,200). 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 40 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'). During the year the Company allotted new shares as follows:

| | Fully paid Ordinary shares in issue | Reason for allotment |
|---|---|---|
| As at 1 March 2014 | 73,844,724 | |
| Allotted 22 December 2014 | 869,054 | Part consideration for the acquisition of Osprey Publishing Limited |
| Allotted 5 January 2015 | 289,956 | Part satisfaction of vested long-term incentive share awards. |
| As at 28 February 2015 | 75,003,734 | |

As at the date of this Directors' Report, there were 75,003,734 fully paid issued shares, all listed on the London Stock Exchange, with a further 23,455,870 Ordinary shares that the Directors are authorised to issue.

# DIRECTORS' REPORT

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 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 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 2015 Annual General Meeting and explanatory foreword to the meeting on pages 150 to 156 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, Elian Employee Benefit Trustee Limited ('Trustee', formerly, Ogier Employee Benefit Trustee Limited) acted as the trustee of the Bloomsbury Employee Benefit Trust ('EBT').

During the year the EBT held ordinary shares of 1.25 pence in the Company as follows:

| | Fully paid Ordinary shares held by EBT | Comment |
|---|---|---|
| As at 1 March 2014 | 898,244 | |
| September – November 2014 | (115,386) | Exercise of Sharesave |
| January 2015 | (512,727) | Exercise of LTIP |
| February 2015 | (1,838) | Exercise of Sharesave |
| As at 28 February 2015 | 268,293 | |

As at 28 February 2015 the EBT held 268,293 ordinary shares of 1.25 pence in the Company being approximately 0.4% of the issued ordinary share capital. The EBT did not make any purchases of shares in the Company between 28 February 2015 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 2015 (being the latest practical date) are set out below:

| | Ordinary shares number | % issued shares[1] |
|---|---|---|
| **Managed funds** | | |
| Liontrust Asset Management | 12,672,682[2] | 16.9% |
| Aberdeen Asset Management | 8,920,299[3] | 11.9% |
| Standard Life Investments | 7,364,546 | 9.8% |
| Charles Stanley, stockbrokers | 6,308,012 | 8.4% |
| Miton Capital Partners | 4,214,857 | 5.6% |
| Legal & General Investment Management | 2,561,477 | 3.4% |

1. Based on 75,003,734 issued shares
2. Based on the TR1 notification received by the Company on 27 May 2015
3. Based on the TR1 notification received by the Company on 3 June 2015

# 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 temporarily disrupt the supply of books to market or result in increased cost of working whilst alternative arrangements are made.

The Group depends on its reputation 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 services. Although the primary focus of the Group is on organic growth, acquisitions in these areas of business will be considered.

## Cautionary statement

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

The Directors' Report contains indications of likely future developments and other forward looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the sectors, countries and business divisions in which the Group operates. These factors include, but are not limited to, those discussed under Risk Factors on pages 36 to 39. 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

The Directors are responsible for preparing the financial statements, the Directors Remuneration Report and the Directors Report (which incorporates the other sections of the Annual Report by reference) in accordance with applicable law and regulations.

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

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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

In preparing the Group and Company financial statements, the Directors are required to:

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

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

c) state whether they have been prepared in accordance with IFRSs adopted by the EU;

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

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

The Board confirms that, in the opinion of the Board, the Annual Report including the Financial Statements on pages 1 to 156, 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.

## Annual General Meeting

The notice of the 2015 Annual General Meeting of Bloomsbury Publishing Plc is set out on pages 153 to 156 and an explanation of the resolutions to be put to shareholders at the Annual General Meeting on 23 July 2015 is set out on pages 150 to 152 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 156 of the Annual Report are included within the Directors' Report by reference and so are included within the safe harbour.

## 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.

The Strategic Report and Directors Report were approved by the Board on 15 June 2015.

By order of the Board

**Michael Daykin**
Group Company Secretary
15 June 2015

# CORPORATE GOVERNANCE

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

## Confirmation of compliance with the code

The UK Corporate Governance Code edition issued September 2012 (the "Code") is published on the Financial Reporting Council's website (www.frc.org.uk).

The Company has complied throughout the year with the provisions of Code in addition to the Listing Rules of the Financial Conduct Authority except:

- On 9 July 2014, the Chairman of the Board was appointed as chair of the Nomination Committee in compliance with Code provision B.2.1. However, in respect of the period from 1 March 2014 to 9 July 2014, during the hand-over period following the recent appointment of the Chairman, the Chief Executive was chair of the Nomination Committee. The Board considers that provision B.2.1 is complied with fully in all other respects and that the main principle and supporting principle of B.2 have been applied effectively.

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

## 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 appears on pages 46 and 47.

During the year the Board met 10 times including 6 schedule main meetings and 4 meetings called during the year to consider specific matters such as acquisitions. Sub-committees appointed by the Board met on 7 occasions on specific matters. 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 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, environmental impact of the business 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 advising the Board, through the Chairman, on governance matters. They also have access to independent professional advice, if required, at the Company's expense.

The Chairman has held meetings during the year with the Non-Executive Directors without the Executive Directors present to discuss relevant matters.

**Conflicts of interest procedures**

A standing item on Board agendas at the start of meetings is for Directors to disclose their significant interests. The Board has reviewed the interests of the Directors and maintains a register of areas of conflict of interest for Directors. Should a matter arise where there is a risk of a conflict in the Board discussing matters or making decisions then the Director affected by the conflict will absent them self from the room whilst the matter is considered.

**Policy on Board diversity**

More information on diversity is found in the report on Corporate Responsibility on pages 40 to 45.

The majority of the senior management team, which includes the Executive Directors and senior managers, are women. The Board aims for at least one third of Directors (to the nearest number of Directors) to be women. The Board comprises seven Directors of which two are women.

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.

**Board and committee attendance**

The table below shows the attendance at main Board and committee meetings during the year ended 28 February 2015. 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 | | | 10 | 4 | 2*** | 2 |
| **Executive Directors** | | | | | | |
| Nigel Newton (Chief Executive) | – | – | 10 | 2** | 2* | 2 |
| Richard Charkin | – | – | 10 | – | 2* | 1* |
| Wendy Pallot | – | – | 10 | 2** | 2* | – |
| **Non-Executive Directors** | | | | | | |
| Sir Anthony Salz (Chairman of the Board) | – | – | 10 | 4 | 2* | 2 |
| Ian Cormack | – | – | 8 | 3 | 2 | 1 |
| Jill Jones | – | – | 8 | 4 | 2 | 1 |
| Stephen Page | – | – | 8 | – | 2 | 2 |

* Not a member of the Board committee. Attended committee meetings as a guest of the chair of the Committee.

** The Executive Directors attend by invitation only relevant parts of Remuneration Committee meetings to provide updates before exiting the room.

*** An Audit Committee meeting held on 4 March 2015 in respect of the year ended 28 February 2015 has not been counted in the table. This meeting will be counted in the disclosure in next year's Annual Report.

# CORPORATE GOVERNANCE

**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;
- the Chairman may hold further one-to-one interviews with Directors to follow up issues and actions if applicable; and
- The Nomination Committee, as appropriate, considers the conclusions of the Board evaluation.

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 with 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).

Examples of the matters arising from the 2014/15 Board and committee evaluations include:

- The Board is working well, NEDs have settled in and are making effective contributions
- More Board time on strategy: Extend Board and committee meetings by 1 hour to permit more discussion in particular on strategic issues.
- More Board oversight on below Board talent management
- Update the existing conflicts of interest Board policy for director outside roles to ensure the areas of potential conflict are clear

**Relations with shareholders**

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

The Annual Report, Interim Reports, AGM, market updates and post results announcement presentations are the principal means through which the Company communicates its strategy and performance to shareholders. All shareholders are welcome 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 AGM and are available to answer questions.

The Company maintains an active dialogue with its institutional shareholders and City analysts through a planned programme of investor relations. 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.

**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 knowledge on the Board from which each Director on the Board can learn.

## Nomination Committee

The Committee comprises the Non-Executive Chairman of the Board, who chairs the Committee, and the three Independent Non-Executive Directors and the Chief Executive.

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.

**Board appointment process**
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 annual Board 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;
- For appointing independent NED's, an independent external recruitment consultant is appointed and performs an extensive search to identify candidates meeting criteria agreed with the Committee. The external consultant performs initial interviews with candidates and carries out background research on them to formulate a shortlist to put forwards to the Committee together with an evaluation of each candidate;

# CORPORATE GOVERNANCE

- Several Directors separately interview each candidate and feedback to the external consultant on the evaluation of the candidate;
- Multiple references are taken and further background checks are made on candidates;
- The Committee sitting together selects the final candidate and makes a recommendation to the Board on their appointment; and
- The Board approves appointments nominated by the Committee.

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 by the Board. Investors will typically get the opportunity to meet with new Directors at presentations and meetings following 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 re-appointment 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 82.

**Board diversity**
The Board aims for 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 objective. 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.

## Remuneration Committee

The Remuneration Committee comprises two Independent Non-Executive Directors and the Non-Executive Chairman of the Board and is chaired by Jill Jones. The role of the Committee is set out in the Directors Remuneration Report on pages 65 to 82.

## Audit Committee

The following table provides the statements required and information in respect of the Code provisions relating to financial reporting, internal control and risk management.

| Code Provision* | Compliance |
|---|---|
| C.1.1, C.3.4 | ***Fair, balanced and understandable view***<br><br>The Board confirms that, in the opinion of the Board and the Committee, the Annual Report and Accounts on pages 1 to 156, 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. |
| C.1.2 | ***Business Model***<br><br>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. |
| C.1.3 (and C.2.2 in the Code issued September 2014) | ***Going concern***<br><br>Management maintains a rolling Group financial forecast extending to 5 years that is developed from the long term plans for each of the global publishing divisions. The Group financial forecast enables the Directors to assess the long term prospects of the Company. To assess the validity of the going concern assumption, the Directors have reviewed projections that similarly extend up to 5 years to evaluate the financial position of the Group under a number of scenarios that are adverse relative to the Group financial forecast e.g. what-if there is a substantial decline of revenues or a business disaster that diverts management time and causes unplanned costs. In light of this review and after making enquiries the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the consolidated and company financial statements in accordance with Going Concern and Liquidity Risk: Guidance for Directors of UK companies 2009, published by the Financial Reporting council in October 2009. Further going concern disclosure is given in the financial statements as noted in note 2d) of the significant accounting policies on page 92. |
| C.2.1 (and C.2.3 in the Code issued September 2014) | ***Systems of Risk Management and Internal Control***<br><br>The principal risks are described in the Risk Factors section on pages 36 to 39 which explains how the risks are being managed and mitigated. The Directors confirm they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.<br><br>The Board has monitored the Company's risk management and internal control systems and carried out a review of effectiveness of them covering all material controls, including financial, operational and compliance controls. Further details of this review are below. |
| C.3.8 | ***Significant issues in relation to the Financial Statements***<br><br>The issues that the Committee considers significant in relation to the Financial Statements and how these issues are addressed are set out below. |

* Refers to the UK Corporate Governance Code issued September 2012 unless otherwise indicated.

# CORPORATE GOVERNANCE

**Operation of the Audit Committee**
The Committee comprises three Independent Non-Executive Directors. The Chair of the Committee is Ian Cormack. The Board is satisfied that the experience and qualifications of Ian Cormack are 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 appropriate to the Company.

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 which provides the opportunity for the Committee and External Auditor to raise any concerns that they may have.

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

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

The Committee's annual evaluation, 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 this report was the Company Secretary.

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

The appointment of the External Auditor was tendered following the 2013 AGM and the Board appointed KPMG LLP as External Auditor for the Group and for the Company for audits for the year ended 28 Febraury 2014 and onwards. The detailed tender process followed is set out in the Annual Report for the year ended 28 February 2014.

The Committee assesses the effectiveness of the audit process as an item on the agenda for Committee meetings. In forming its view on the effectiveness of the audit process the Committee has considered:

- the quality of audit work undertaken and resulting audit findings;
- whether the auditors' scope has been limited and whether the auditor has had sufficient resources to complete their agreed work programme; and
- the independence of the auditor

The annual evaluation of the Board reviewed the effectiveness of how the external audit process integrated with the business processes for the Group.

The Committee is satisfied that KPMG has performed an effective audit that provided the Committee with adequate assurance.

**External Auditor non-audit services**
The Committee has approved a formal policy on the provision of non-audit services to safeguard the independence and objectivity of the External Auditor and reviews the level of non-audit fees relative to audit fees. The full policy is found on the website www.bloomsbury-ir.co.uk. A list has been defined by the Committee of services that the External Auditor is prohibited from undertaking which includes:

- Bookkeeping or other related services to the accounting records or financial statements of Bloomsbury and its subsidiary undertakings;
- Internal audit;
- Financial information systems design and implementation;
- Appraisal or valuation services where the output or opinion is likely to be used for financial reporting purposes or decisions by the business;
- Administration services such as payroll, human resources or other support for management, which involves acting as a director, employee or officer of Bloomsbury and its subsidiary undertakings;
- Broker, dealing, investment advisor, or investment banking services
- Legal services requiring the person providing the service to be admitted or qualified to practice before the courts of a jurisdiction;
- Expert services for the purpose of advocating Bloomsbury's interests in litigation or investigation pursuit to proceeding;
- Recruitment of senior executives or directors; or
- Any other services that is prohibited locally through law or regulation.

Other policy terms include:

- All other non-audit services need prior approval by the Committee. A list of specifically permitted non-audit services has been determined by the Committee, as listed in the policy, for which prior approval is deemed to have been given.
- A maximum of £10,000 +VAT per annum may be spent on permitted non-audit services undertaken by the External Auditor above which Committee approval is required.
- External Auditor annual fees for non-audit work may not exceed 50% of the total fees charged by the External Auditor.

**Internal control and risk management**
The Code requires the Directors to assess at least annually the effectiveness of the Group's systems of internal control, which include financial, operational and compliance controls, and the system of risk management. 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.

# CORPORATE GOVERNANCE

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

The Board has put in place an ongoing process for identifying, evaluating and managing the significant risks faced by the 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.

- ***Organisational structure:*** The One Global Bloomsbury structure is four worldwide publishing divisions supported by group functions (finance, IT, production, sales & marketing) which provide the business with internal control pillars in the internal control framework.

- ***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 risks in particular the financial risks and issues that could impact on reporting when considering the financial statements.

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

- ***Authority levels:*** The Board maintains a detailed register of delegated authorities and sets the level of authority required, before Board approval is needed, to commit the Company or to undertake transactions. It also approves budgets and other performance targets. The publishing divisions and Group functions operate within these authority levels and budgets. The Executive Directors determine the authority to be delegated to individual managers.

- ***Financial management reporting:*** The Board approves the annual Group budget. Sales are reported daily, weekly and monthly. Financial results of the business operations are reported monthly and compared to budget and forecasts. Detailed forecasts for the Company are updated regularly and reviewed by the Board.

- ***Book title acquisition procedures:*** Established procedures, such as the review and approval by an Executive Director of acquisition proposals of rights to new books, are operated within set authority limits and used for transactions in the ordinary course of business. Acquisitions exceeding delegated authority limits require approval by the Board. Significant acquisitions of companies and businesses are approved by the Board. The Board has set authorised limits for the total author advances held on the Statement of Financial Position as a percentage of net assets and for the total value of committed but unpaid advances.

- ***Accountability:*** The Company has clearly defined lines of responsibility headed by the Chief Executive and Executive Committee to control the publishing divisions and business functions. Detailed operational and financial performance data are monitored by supervisory management to ensure the performance of operations is in line with targets. The reasons for variances and under performance are established by supervisory line management and followed up with managers and staff.

- ***Overseas offices.*** Each overseas office has a local manager or managing director who is responsible for operational effectiveness and local internal controls. Accounting for the Group is centralised and overseas subsidiaries hold limited cash balances. Senior managers and Executive Directors regularly visit the overseas offices and the finance function conducts operational review visits to review the procedures. The Board has implemented a Group Whistleblower Policy and an Anti-bribery and Corruption Policy 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.

**Significant failings or weaknesses in the internal controls**

Pursuant to provision C.2.3 of the Code issued September 2014, the Committee concludes from its review of the systems of risk management and internal control that the internal controls are adequate for the business of Bloomsbury, including all the Group companies. From this review, the Committee has not identified any significant internal control weaknesses that challenge the Group in achieving its objectives.

The One Global Bloomsbury structure of four worldwide publishing divisions supported by Group functions ensures an effective internal control framework and provides a platform for integrating acquisitions as the Group grows and evolves.

Management assigns and monitors control effectiveness ratings to the internal controls across all the business processes worldwide based on the benefits expected from making improvements given the investment of resources that would be required. Based on this, management has identified that the Group's information systems is the process area where most improvement can be made to help increase productivity and effectiveness of the business. In particular, work is ongoing to simplify the legacy systems and introduce new reporting systems to help manage the risks from expansion across new markets, new product types and acquisitions.

# CORPORATE GOVERNANCE

**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 and the inventory provision are set out in note 15 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. This was to ensure that the total level of provision for all inventory was adequate.

*2. Sales Returns provision*

The level of sales return provision is set out in note 16 on page 117.

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 historic returns rate.

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

*3. Revenue Recognition*

Included within Rights and Services revenues are licenses over Bloomsbury's IP to third parties, as stated in note 3 to the financial statements. The revenue recognised from these licences 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 Auditors as soon as contracted.

The Committee considered the judgements applied to the most significant licenses. This was 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 11 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 2k), 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.

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 16 on page 117, include net unearned author advances of £21.4 million (2014: £20.8 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 the titles with the largest net advances across the Group to ensure that the net carrying value of advances was adequately supported.

By order of the Board

**Michael Daykin**

Group Company Secretary

# 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 2015 (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 was approved by the shareholders at the 2014 AGM and has operated from 1 March 2014. No changes are proposed to the Remuneration Policy Report; and

* Part B, the Annual Report on Remuneration, which discloses how the Remuneration Policy will be implemented for the year ending 28 February 2016 and how it was implemented for the year ended 28 February 2015.

The Annual Report on Remuneration will be subject to an advisory shareholder vote at the forthcoming AGM on 23 July 2015. The Directors' Remuneration Policy Report will be subject to a binding vote every three years (sooner if changes are made to the policy) next due at the 2017 AGM.

### Performance and Reward for 2014/15

Bloomsbury delivered another good performance for the year ended 28 February 2015 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 16% of the maximum bonus.

The 2011 long-term incentive awards were determined by a combination of earnings per share (50% of awards), for which the maximum EPS target was exceeded allowing full vesting, and relative total shareholder return performance (50% of awards), which the performance target for threshold vesting (see below) was exceeded permitting vesting at 54.8% of the maximum in 2014/15.

### Remuneration Policy for 2015/16

The Remuneration Committee continually reviews the Executive Director Remuneration Policy to ensure it promotes the attraction, motivation and retention of the high quality executives 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 2015/16, the Committee has concluded that:

* basic salaries should be increased by 2% in line with the general workforce for the Group;

* there will be no changes to other elements of fixed pay (i.e. benefit and pension provision);

* the structure and quantum of the annual bonus arrangement continues to work well. Therefore, the maximum bonus potential will remain at 100% of salary and the structure of the 2015/16 annual bonus will be broadly similar to that operated for 2014/15. 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 2014 ("PSP"), whereby nil-cost awards are granted annually with vesting based on earnings per share (EPS) growth relative to RPI (50%) and relative total shareholder return (50%) performance conditions and continued service provide a strong alignment between the Executive Director team and shareholders.

* For the awards granted in 2014/15 and thereafter a new concurrent EPS growth relative to RPI performance condition is added to PSP awards with relative total shareholder return performance conditions. This supplements the financial underpin in the PSP scheme rules that provides the Committee with discretion to reduce the level of vesting should the Committee, in its opinion, consider that vesting is not reflective of Bloomsbury's performance.

# DIRECTORS' REMUNERATION REPORT

## ANNUAL STATEMENT

### 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 of 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
15 June 2015

# 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 September 2014 (the "Code"). This Report, together with the Annual Report on Remuneration, complies with the Companies Act 2006 (the "Act"), the UKLA Listing Rules of the Financial Services Authority and Directors' Remuneration: the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The Company has complied with the provisions of the Code relating to Directors' Remuneration throughout the year.

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

- attract and retain suitably high calibre Executive Directors and ensure that they are motivated to achieve the highest levels of performance including delivering strategic initiatives and objectives;
- align the interests of the Executive Directors with those of the shareholders; and
- 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 of the proposed changes to the long-term incentive policy.

Details of votes cast for and against the resolution to approve last year's Directors' 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.

# DIRECTORS' REMUNERATION REPORT

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<br>* Reflects skills and experience over time<br>* 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<br>* Takes periodic comparisons against companies with similar characteristics and sector comparators | * No maximum base salary or maximum salary increase operated<br>* Annual increases are typically linked to those of the wider workforce<br>* 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<br>* Maximum bonus only payable for achieving demanding targets | * Paid in cash<br>* Not pensionable | * 100% of salary | * Group profit (majority)<br>* Strategic objectives (minority)<br>* Personal objectives (minority)<br>* Claw-back provisions operate for Executive Directors |
| Pension | * Provides modest retirement benefits<br>* 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 |

| 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 3 years subject to continued service and performance targets | ✷ Normal annual grant policy is 100% of basic salary<br>✷ Enhanced award levels may be granted up to 150% of salary (e.g. upon an Executive Director's appointment)<br>✷ 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<br>✷ 25% of awards will vest at threshold performance increasing pro-rata to full vesting at maximum performance levels<br>✷ Claw-back provisions operate for Executive Directors |
| Sharesave | ✷ To encourage employee share ownership by employees and therefore alignment with shareholders | ✷ HMRC approved savings plan to fund the exercise of share options<br>✷ The exercise price may be discounted by up to 20%<br>✷ Provides tax advantages to UK employees | ✷ Prevailing HMRC limits apply | ✷ N/A |
| Share ownership guidelines | ✷ To provide alignment between Executive Directors and shareholders | ✷ Executive Directors are required to build and maintain a shareholding equivalent to one year's base salary through the retention of vested share awards or through open market purchases | ✷ 100% of salary holding for Executive Directors | ✷ N/A |
| Non-Executive Director fees | ✷ Reflects time commitments of each role<br>✷ Reflects fees paid by similarly sized companies | ✷ Cash fee paid monthly<br>✷ 3 month notice periods | ✷ No maximum fee or maximum fee increase operated<br>✷ Annual increases are typically linked to those of the wider workforce, time commitment and responsibility levels | ✷ N/A |

# DIRECTORS' REMUNERATION REPORT

## 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 is set out in the Annual Report on Remuneration on pages 73 to 82.

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

3. The choice of the performance metrics applicable to the annual bonus 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 3 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 Sharesave to ensure that the scheme is run within applicable dilution limits;
- vesting of all discretionary share awards/ options including the timing and level of vesting;
- non-routine vesting of all-employee share options 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 payouts for the Executive Directors and managers below Board who participate in the group bonus scheme;
- bonus payments to the Executive Directors so may determine the level of payments following the assessment of performance measures and achievement against bonus objectives;

*Routine payments*

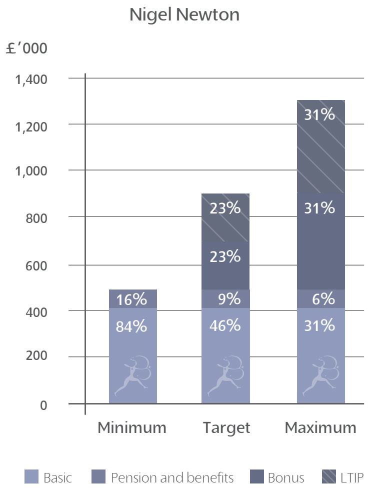
- all changes to Executive Director basic salaries, pensions and eligibility to benefits;

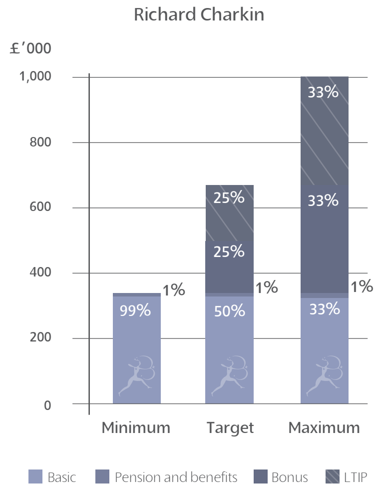
*Non-routine payments*

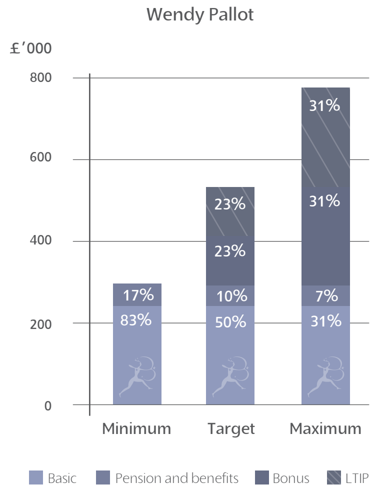
- all non-routine payments to the Executive Directors including but not limited to leavers, to new appointees and in respect of a change of control.

## Reward scenarios

The following charts show the projected earnings in 2015/16 for each Executive Director under different performance scenarios:




Notes:

1. The minimum performance scenario comprises the fixed elements of remuneration only, based on salary and pension as per policy for 2015/16 and estimated benefits based on 2014/15
2. 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.
3. Maximum assumes full bonus payout (100% of salary) and the full face value of the PSP (100% of salary), in addition to fixed components of remuneration.
4. 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 take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

Salary would be provided at such a level as required to attract the most appropriate candidate and may be set initially at a below mid-market level on the basis that it may progress towards the mid-market level once expertise and performance has been proven and sustained. The annual bonus potential would be limited to 100% of salary and grants under the PSP would be limited to 100% of

# DIRECTORS' REMUNERATION REPORT

salary (150% of salary in exceptional circumstances). In addition, the Committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an Executive leaving a previous employer. It would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods, expected value and performance conditions.

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

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

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

## Service contracts for Executive Directors

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

| Executive Directors | Date of agreement | Date of expiry | Notice period |
|---|---|---|---|
| Nigel Newton | 24 June 2003 | – | 12 Months |
| 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 3 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 3 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 July2013 | 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.

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 budgeted 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 2015. 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 2016**

### Executive Directors

**Basic salary**

From 1 March 2015, the Group's employees generally including the Executive Directors received a pay increase of 2% reflecting the underlying performance of the business. In respect of the year ended 28 February 2015, the Group's employees generally received pay increases in line with the market.

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

| Executive Director | **From 1 March 2015 £'000** | From 1 March 2014 £'000 | From 1 March 2013 £'000 |
|---|---|---|---|
| Nigel Newton | **415** | 407 | 395 |
| Richard Charkin [1] | **339** | 333 | 323 |
| Wendy Pallot | **250** | 245 | [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 6 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 her basic salary 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 2015/16, 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 comprising 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 2015/16. 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.

# DIRECTORS' REMUNERATION REPORT

**Long term incentives**

As a result of the previous 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), was approved by shareholders at the 2014 AGM.

Reflecting market practice for a FTSE SmallCap company, the PSP individual annual award limits under the current PSP is 100% of salary. The Committee has discretion to apply the exceptional limit of 150% of salary but envisages doing this only rarely when in the interests of the shareholders.

The annual PSP awards granted in 2015 and onwards will be subject to the following targets:

- Relative EPS (50%) – 25% of this part of an award will vest for annualised growth in EPS over the performance period of RPI +3% increasing pro-rata to 100% vesting for annualised growth in EPS over the performance period of RPI + 8%; and
- 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.

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

The awards will be subject to clawback provisions.

The Remuneration Committee has approved that the Executive Directors may participate in the Company's Sharesave scheme if operated during 2015/16.

## Non-Executive Directors

Current annualised fees are as follows:

| Non-Executive Director | Position | **From 1 March 2015 £'000** | From 1 March 2014 £'000 |
|---|---|---|---|
| Sir Anthony Salz | Chairman of the Board, Chair of the Nomination Committee | **103** | 101 |
| Ian Cormack | Chair of the Audit Committee and Senior Independent Director | **39** | 39 |
| Jill Jones | Chair of the Remuneration Committee | **39** | 38 |
| Stephen Page | Independent NED | **38** | 37 |

## Directors' Remuneration for 2014/15

Details of payments to Directors in respect of 2014/15 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 | **2015** | **407** | **20** | **57** | **65** | **250** | **799** |
| | 2014 | 395 | 20 | 59 | 67 | 253 | 794 |
| Richard Charkin | **2015** | **333** | **8** | **–** | **50** | **179** | **570** |
| | 2014 | 323 | 7 | – | 55 | 182 | 567 |
| Wendy Pallot | **2015** | **245** | **14** | **37** | **38** | **160** | **494** |
| | 2014 | 232 | 14 | 23 | 40 | 193 | 502 |
| **Non Executive Directors** | | | | | | | |
| Sir Anthony Salz [1] | **2015** | **101** | **–** | **–** | **–** | **–** | **101** |
| | 2014 | 51 | – | – | – | – | 51 |
| Ian Cormack | **2015** | **39** | **–** | **–** | **–** | **–** | **39** |
| | 2014 | 39 | – | – | – | – | 39 |
| Jill Jones [1] | **2015** | **38** | **–** | **–** | **–** | **–** | **38** |
| | 2014 | 23 | – | – | – | – | 23 |
| Stephen Page [1] | **2015** | **37** | **–** | **–** | **–** | **–** | **37** |
| | 2014 | 20 | – | – | – | – | 20 |
| Total | **2015** | **1,200** | **42** | **94** | **153** | **589** | **2,078** |
| | 2014 | 1,083 | 41 | 82 | 162 | 628 | 1,996 |

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.
2. A description of other benefits received by the Directors is given in Part B on page 73.
3. Nigel Newton and Wendy Pallot accrued benefits under defined contribution pension arrangements during the year.
4. Details of the annual bonus targets are given below.
5. Details of the gains on PSP award share incentives are given below.
6. Jeremy Wilson stood down from the Board on 29 August 2013 and Sarah Jane Thomson stood down on 11 July 2013. In the year ended 28 February 2014 their remuneration was, respectively, £50,000 and £23,000.

# DIRECTORS' REMUNERATION REPORT

## Annual bonus

Bonuses, which are capped at 100% of salary, were awarded to the Executive Directors in respect of the year ended 28 February 2015 at a rate of 16% 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 £12m. The Committee approved the following highlighted items to be included in the calculation of Adjusted Profit.

| Highlighted Item | £m | Comments |
|---|---|---|
| Acquisition costs mainly for Osprey | 0.2 | The acquisition of Osprey Publishing, a significant specialist publisher similar to Academic, was approved by the Board and is strategically aligned to reduce the proportion of Group income earned from general trade publishing. |
| Restructuring costs (including Hart and Osprey) | 0.5 | Redundancies relating to acquired businesses and strategic alignment to improve the digital focus of the business. |
| Total | 0.7 | |

The following table summarises the bonus objectives set by the Committee for each Executive Director and how the objectives have been achieved.

| | **Nigel Newton** | **Richard Charkin** | **Wendy Pallot** |
|---|---|---|---|
| Percentage of bonus opportunity subject to bonus objectives | 30% | 30% | 30% |
| Overall level of achievement of bonus objectives determined by the Committee | 100% | 80% | 90% |

## Summary of the bonus objectives for each director

| **Strategic aim** | **Nigel Newton** | **Richard Charkin** | **Wendy Pallot** |
|---|---|---|---|
| Grow non-consumer revenues | ✷ Make major new acquisition | | ✷ Improve information reporting and systems to support revenue generation of the Group. |
| Expand internationally in English language markets | ✷ Grow Australian business profitability | ✷ Ensure an increasing proportion of Trade contracts are for world English rights | |
| Create and exploit copyright and IP | ✷ Renew and find new rights and services income | ✷ Renew key contracts | |
| Benefit from the digital opportunity | | | ✷ Lead the Information, Technology & Communications Steering Committee to develop a vision and implementation plan. |
| Establish solid profit streams | ✷ Optimise the management organisational structure | ✷ Improve Adult operating margin | ✷ Make internal control improvements.<br>✷ Reduce time needed for month-end finance close. |

## Vesting of PSP awards

The PSP awards granted on 5 December 2012 are set to vest in 2015 based on EPS performance over the 3 years ended 28 February 2015 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 13.75 pence (30% vesting of this part of an award) to EPS of 16.2 pence (100% vesting) for the year ended 28 February 2015. | 13.75p EPS | 16.2p EPS | 14.73p EPS | 29% (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. | 54% increase in TSR (median TSR) | 90% increase in TSR (top quartile TSR) | 29% increase in TSR | 0%[1] (out of a maximum of 50%) |
| **Total estimated vesting of 2012 PSP awards** | | | | | **29%** |

1. Note, given that the TSR performance period does not end until the third anniversary of grant (5 December 2015), the TSR targets and actual result are estimated based on the position as at 28 February 2015.

Based on the above, estimated values for the 2012 PSP awards for the Executive Directors are as follows:

| Executive | Type of award | Number of shares at grant | Number of shares to vest | Number of shares to lapse | Total | Estimated value [2] (£'000) |
|---|---|---|---|---|---|---|
| Nigel Newton | Conditional Award | 256,711 | 74,446 | 182,265 | 256,711 | 116 |
| Richard Charkin | | 184,527 | 53,513 | 131,014 | 184,527 | 83 |
| Wendy Pallot | | 129,234 | 37,478 | 91,756 | 129,234 | 58 |

2. Estimated value is based on the average share price in the last 3 months of the financial year being 155.38 pence (2014: 173.25 pence).

For calculating Single Figure values, the values of 2011 PSP awards granted 8 December 2011 for the Executive Directors that vested with a performance period ending during the year ended 28 February 2015 are as follows:

| Executive | Type of award | Total shares received | Value of shares received[3] (£'000) |
|---|---|---|---|
| Nigel Newton | Conditional Award with TSR performance condition granted 8 December 2011 | 88,839 | 134 |
| Richard Charkin | | 63,857 | 96 |
| Wendy Pallot | | 67,762 | 102 |

3. Based on a share price of 151 pence on the date the shares were received from the exercise of awards.

# DIRECTORS' REMUNERATION REPORT

## PSP awards granted during 2014/15

Details of PSP awards granted in 2014/15 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 | 24 Dec 2014 | 100% of salary | 407 | 25% | 100% | TSR: 3 years to |
| Richard Charkin | (Conditional | 24 Dec 2014 | 100% of salary | 323 | 25% | 100% | 28 February 2017 |
| Wendy Pallot | awards) | 24 Dec 2014 | 100% of salary | 245 | 25% | 100% | EPS: 3 years to |
| | | | | | | | 28 February 2017 |

For awards presented above:

- For 50% of awards: 25% 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 SmallCap Index (excluding investment trusts); and
- For 50% of awards: 25% of this part of an award will vest for a compound annual growth rate in normalised EPS over the Performance Period in excess of annualised RPI ("Relative EPS growth") of 3% increasing pro-rata to 100% vesting of this part of an award for a Relative EPS growth of 8%.

Awards granted above with TSR performance conditions have a concurrent EPS performance condition that vesting at any level is subject to achieving Relative EPS growth of 0% per year.

## Payments to past Directors

There were no payments made during the year to past Directors.

## Payments for loss of office

No payments were made to past Executive Directors during the year ended 28 February 2015.

## 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 ("2005 PSP") and the Bloomsbury 2014 Performance Share Plan ("2014 PSP"). The number of PSP conditional shares awarded is calculated based on the closing mid-market share price prevailing on the day before the date of grant. The following PSP conditional shares awarded to the Executive Directors were outstanding during the year:

| | Date of award | Due date of exercise/ expiry | Price at grant date (pence) | At 1 March 2014 | Awarded during the year | Exercised during the year | Lapsed during the year | Share price on date of exercise (pence) | At 28 February 2015 |
|---|---|---|---|---|---|---|---|---|---|
| Nigel Newton | 8 Dec 2011 | 8 Dec 2014 | 98.75p | 292,077 | – | (226,067) | (66,010) | 151p | – |
| | 5 Dec 2012 | 5 Dec 2015 | 115.50p | 256,711 | – | – | – | – | **256,711** |
| | 29 Nov 2013 | 29 Nov 2016 | 170.88 | 173,519 | | – | – | – | **173,519** |
| | 23 Dec 2014 | 23 Dec 2017 | 160.00p | – | 254,500 | – | – | – | **254,500** |
| Richard Charkin | 8 Dec 2011 | 8 Dec 2014 | 98.75p | 209,947 | – | (162,498) | (47,449) | 151p | – |
| | 5 Dec 2012 | 5 Dec 2015 | 115.50p | 184,527 | | – | – | – | **184,527** |
| | 29 Nov 2013 | 29 Nov 2016 | 170.88p | 124,728 | – | – | – | – | **124,728** |
| | 23 Dec 2014 | 23 Dec 2017 | 160.00p | – | 201,626 | – | – | – | **201,626** |
| Wendy Pallot | 8 Dec 2011 | 8 Dec 2014 | 98.75p | 222,785 | – | (172,435) | (50,350) | 151p | – |
| | 5 Dec 2012 | 5 Dec 2015 | 115.50p | 129,234 | – | – | – | – | **129,234** |
| | 29 Nov 2013 | 29 Nov 2016 | 170.88p | 91,988 | – | – | – | – | **91,988** |
| | 23 Dec 2014 | 23 Dec 2017 | 160.00p | – | 153,312 | – | – | – | **153,312** |

### TSR

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

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

### EPS

- 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.
- For 50% of the 2014 awards: 25% of this part of an award will vest for a compound annual growth rate in normalised EPS over the Performance Period in excess of annualised RPI ("Relative EPS growth") of 3% increasing pro-rata to 100% vesting of this part of an award for a Relative EPS growth of 8%.

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 2014 | Granted during the year | Exercised during the year | At 28 February 2015 | 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 [2] | | PSP Awards | | | | % of |
|---|---|---|---|---|---|---|---|
| | 28 February 2015 | 28 February 2014 | Unvested | Vested | SAYE Awards Unvested | Total 28 February 2015 | Shareholding Guideline achieved [1] |
| Nigel Newton | 1,279,914 | 1,374,863 | 684,730 | 0 | – | 1,964,644 | 100% |
| Richard Charkin | 274,477 | 171,833 | 510,881 | 0 | 3,682 | 960,873 | 100% |
| Wendy Pallot | 104,857 | – | 374,534 | 0 | 3,682 | 483,073 | 75% |
| Sir Anthony Salz | – | – | – | – | – | – | n/a |
| Jill Jones | – | – | – | – | – | – | n/a |
| Stephen Page | – | – | – | – | – | – | n/a |
| Ian Cormack | 11,975 | 11,975 | – | – | – | 11,975 | n/a |

1. The Shareholding Guideline (100% of salary) was introduced during the year ended 28 February 2013 and can be found on the Company's website www.bloomsbury-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 (175.5 pence) on the Review Date.
2. Owned includes shares held directly by the Director and indirectly by a nominee on behalf of the Director where the Director has the beneficial interest. It includes the shares of the Director and of connected persons defined under the Model Code annexed to the UKLA Listing Rules.

Between 1 March 2015 and the date of this report, Nigel Newton disposed of 132,651 shares being his LTIP shares that most recently vested and Sir Anthony Salz acquired 5,000 shares.

# DIRECTORS' REMUNERATION 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 2015 was 149.25p (2014: 177.0p) and the range of intra-day market prices from 1 March 2014 to 28 February 2015 was 140.5p to 190.0p (2014: 104.0p to 185.0p).

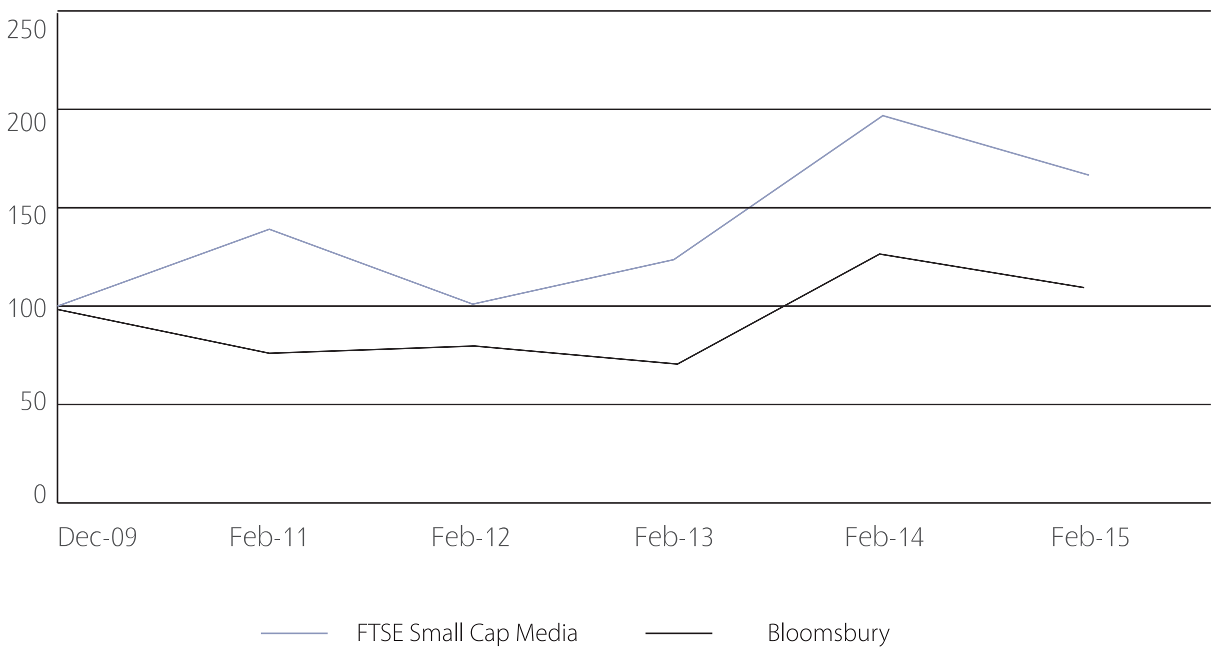
## Remuneration earned by the Executive Directors from outside appointments

Richard Charkin receives and retains a fee of £10,892 per annum in respect of his external appointment as an Non-Executive Director of the Institute Of Physics Publishing. The Executive Directors receive no other remuneration from external appointments as Non-Executive Directors.

## 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 2015 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 | | | | |
|---|---|---|---|---|---|
| | 28 February 2011 (14 months) | 29 February 2012 | 28 February 2013 | 28 February 2014 | **28 February 2015** |
| Total remuneration (£'000) | 900 | 785 | 617 | 749 | **799** |
| Annual bonus (%) | 84% | 54% | 0% | 17% | **16%** |
| PSP vesting (%) | 0% | 50% | 50% | 50% | **56%**[1] |

1. Based a vesting level of 58% estimated for 2012 PSP awards with EPS performance conditions (see above) and an actual vesting level of 54.8% for 2011 PSP awards with TSR performance conditions.

## 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 2014 and 28 February 2015, 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 2014 | **Year ended 28 February 2015** | % change |
| **Salary** | | | |
| Chief Executive (£'000) | 395 | **407** | 3% |
| All employees (£'m) | 20.7 | **21.2** | 2% |
| **Benefits including pension** | | | |
| Chief Executive (£'000) | 79 | **77** | –3% |
| All employees (£'m) | 0.7 | **0.8** | 13% |
| **Annual Bonus** | | | |
| Chief Executive (£'000) | 67 | **63** | –6% |
| All employees (£'m) | 0.3 | **0.3** | 0% |
| Average number of employees | 524 | **550** | 6% |

## 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 2014 | **Year ended 28 February 2015** | % change |
|---|---|---|---|
| Staff costs (£'m) | 23.6 | **24.1** | 2.1% |
| Dividends declared (£'m) | 4.2 | **4.5** | 7% |
| Retained profits (£'m) | 3.3 | **2.4** | –38% |

## Statement of shareholder voting

The Annual Statement by the Chairman of the Remuneration Committee and Annual Report on Directors' Remuneration for the financial year ended 28 February 2014 was put to shareholders at the Annual General Meeting held on 22 July 2014 on an advisory basis. The voting outcomes were as follows:

| | Number of shares | Percentage of the vote |
|---|---|---|
| Votes cast in favour | 52,845,025 | 99.97% |
| Votes cast against | 13,662 | 0.03% |
| Total votes cast | 52,858,687 | 100% |
| Abstentions on voting cards | 10,622 | |

# DIRECTORS' REMUNERATION REPORT

## Remuneration Committee

**Responsibilities and activities of the Committee**
The Committee determines the Remuneration Policy and annual remuneration plans for the Executive Directors for approval by the Board. In particular, the Committee approves for each Executive Director the basic salaries, pensions, other benefits, bonus awards and the awards made under Bloomsbury's Long Term incentive Plan (see above). 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 2015 up until signing the Report the Committee has comprised three Independent Non-Executive Directors as follows,

| Director | Appointed in the year (if applicable) | Resigned in the year (if applicable) |
|---|---|---|
| Jill Jones (Chair of the Committee) | - | - |
| Sir Anthony Salz | - | - |
| Ian Cormack | - | - |

The Group Company Secretary, Michael Daykin FCIS FCA, acts as secretary to the Committee. All meetings or business of the Committee have been conducted during the year with two Independent Non-Executive Directors and the Non-Executive Chairman present.

The Committee met formally on four occasions during the year including two occasions without the Executive Directors present and on two occasions with an Executive Director attending part of meeting 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 2014/15 totalled £50,889.

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

Approved by the Board of Directors and signed on its behalf

**Jill Jones**
Chair of the Remuneration Committee
15 June 2015

# INDEPENDENT AUDITORS' 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 2015, set out on pages 87 to 147. 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 2015 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** – £111.1m; **Returns provision** – £6.1m<br>Refer to page 64 (Audit Committee Report), page 95 (accounting policy) and pages 101 to 103 (financial disclosures) | |
| In some cases contracts entered into by the Group for Rights and Services revenue (including sales of copyright and trademarks) are complex. These arrangements may include: the licensing or outright sale of the Group's intellectual property; the provision of ongoing consultancy services; or occasionally a bundled combination of these.<br><br>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 as to when the Group has sufficiently fulfilled its obligations (licensing, consultancy or outright sale) under the contract to allow revenue to be recognised. | For all individually significant Rights and Services contracts signed during the year, our audit procedures included:<br>- performing a detailed assessment of the contractual terms to identify separate milestone delivery dates to the respective customer;<br>- identifying from the contracts the triggers for revenue recognition and subsequent assessment of the allocation of revenue to each period;<br>- 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;<br>- 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; and<br>- Where particular licensing arrangements individually have a large impact on the financial statements we assessed the adequacy of the disclosure of these transactions. |

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF BLOOMSBURY PUBLISHING PLC ONLY

| The risk | Our response |
|---|---|
| **Revenue** – £111.1m; **Returns provision** – £6.1m<br>Refer to page 64 (Audit Committee Report), page 95 (accounting policy) and pages 101 to 103 (financial disclosures) | |
| 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 the returns provision, our procedures included an assessment of historical returns from customers and comparing this against the returns rate used in the underlying provision calculation. This specifically focused on the actual returns rate in the current and previous financial year compared to those anticipated by the directors.<br><br>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.<br><br>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. |
| **Goodwill** – £41.5m<br>Refer to page 64 (Audit Committee Report), page 96 (accounting policy) and pages 112 to 113 (financial disclosures) | |
| The Group has completed a number of significant acquisitions in the past three years. The recoverability of the goodwill 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 testing of the budgeting procedures upon which the forecasts are based and assessing the integrity of the discounted cash flow model. We have used our knowledge of comparable companies to challenge the assumptions, in particular the inputs and methodology used in determining the discount rate used to calculate the present value of projected future cash flows.<br><br>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 the 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. |
| **Advances** – £21.3m<br>Refer to page 64 (Audit Committee Report), page 98 (accounting policy) and page 117 (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.<br><br>The advances balance is made up of a significant number of individual advances to authors and requires the Group to track sales made.<br><br>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.<br><br>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 testing the key controls in the advances 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.<br><br>For individually significant advances held on balance sheet at the reporting date, we challenged the assumptions underlying the forecasts for future sales by analysing the accuracy of historical estimates of recoverability, both by genre and by title, and comparing forecasts made in prior periods to actual outcomes. We also considered the adequacy of the disclosures in respect of advances in the light of relevant accounting standards. |

| The risk | Our response |
|---|---|
| **Inventory** – £29.2m<br>Refer to page 64 (Audit Committee Report), page 98 (accounting policy) and page 117 (financial disclosures) | |
| The Group has significant inventory balances which could be at risk of obsolescence if stock levels exceed anticipated future sales volumes.<br><br>As estimates of stock obsolescence are based on anticipated sales volumes, there is an inherent uncertainty included in the estimate which 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 assessing the accuracy of the inventory reconciliation performed by the Group, which included obtaining confirmation from the third party stock handler of amounts held.<br><br>We assessed the recoverability of aged inventory items based on sales made in the year and the Group's internal forecast sales for future periods. In addition we assessed whether inventory was recorded at the lower of cost and recoverable value by comparing, on a sample basis, the recorded unit cost of stock against the market sales price at the time of testing.<br><br>We assessed whether the level of year end stock provision was consistent with the historical write offs. We also evaluated whether the Group's provisioning policy was consistently applied and, based on an assessment of historical write-offs, remained appropriate.<br><br>We also assessed the adequacy of the Group's disclosures in respect of inventory obsolescence. |

**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 £696,000, determined with reference to a benchmark of Group profit before taxation, of which it represents 7.2%.

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £35,000 in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's four reporting components, audits for Group reporting purposes were performed by component audit teams at two reporting components in the UK and the USA, covering 93% of total Group revenue; 100% of Group profit before taxation and 97% of total Group assets. For the remaining components in Australia and India, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materialities, which ranged from £400,000 to £500,000, having regard to the mix of size and risk profile of the Group across the components.

The Group audit team (based in the UK) also visited a component location in the USA, to assess the audit risk and strategy and finally to review their audit files. Video and telephone conference meetings were also held with the US component auditors. At the visit and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

**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;
- 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; and
- information given in the Corporate Governance Statement set out on pages 61 to 63 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF BLOOMSBURY PUBLISHING PLC ONLY

**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 section of the Corporate Governance Statement on page 60 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; or
- a corporate governance statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 53, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 59 relating to the company's compliance with the ten provisions of the 2012 UK Corporate Governance Code specified for our review.

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

### Scope and responsibilities

As explained more fully in the Statement of Directors' Responsibilities set out on pages 52 to 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/auditscopeukco2014a, 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

15 June 2015

# CONSOLIDATED INCOME STATEMENT

## FOR THE YEAR ENDED 28 FEBRUARY 2015

| | Notes | **Year ended 28 February 2015 £'000** | Year ended 28 February 2014 £'000 |
|---|---|---|---|
| Revenue | 3 | **111,125** | 109,496 |
| Cost of sales | | **(47,800)** | (47,183) |
| **Gross profit** | | **63,325** | 62,313 |
| Marketing and distribution costs | | **(15,519)** | (14,890) |
| Administrative expenses | | **(38,154)** | (37,913) |
| **Operating profit before highlighted items** | | **12,127** | 11,985 |
| Highlighted items* | 4 | **(2,475)** | (2,475) |
| **Operating profit** | 4 | **9,652** | 9,510 |
| Finance income | 6 | **46** | 49 |
| Finance costs | 6 | **(94)** | (80) |
| **Profit before taxation and highlighted items** | | **12,079** | 11,954 |
| Highlighted items* | 4 | **(2,475)** | (2,475) |
| **Profit before taxation** | | **9,604** | 9,479 |
| Taxation | 7 | **(856)** | (1,776) |
| **Profit for the year attributable to owners of the Company** | | **8,748** | 7,703 |
| | | | |
| **Earnings per share attributable to owners of the Company** | | | |
| Basic earnings per share | 10 | **11.94p** | 10.57p |
| Diluted earnings per share | 10 | **11.90p** | 10.43p |

* See note 2c)

The notes on pages 92 to 133 form part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 28 FEBRUARY 2015

| | Year ended 28 February 2015 £'000 | Year ended 28 February 2014 £'000 |
|---|---|---|
| **Profit for the year** | 8,748 | 7,703 |
| **Other comprehensive income** | | |
| *Items that may be reclassified to the income statement:* | | |
| Currency translation differences on foreign operations | 1,954 | (3,169) |
| *Items that may not be reclassified to the income statement:* | | |
| Remeasurements on the defined benefit pension scheme | (106) | (13) |
| Other comprehensive income/(expense) for the year net of tax | 1,848 | (3,182) |
| **Total comprehensive income for the year attributable to the owners of the Company** | 10,596 | 4,521 |

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 28 FEBRUARY 2015

| | Notes | 28 February 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|---|
| **Assets** | | | |
| Goodwill | 11 | **41,508** | 39,511 |
| Other intangible assets | 12 | **22,578** | 21,310 |
| Property, plant and equipment | 13 | **2,833** | 3,145 |
| Deferred tax assets | 14 | **3,607** | 2,095 |
| **Total non-current assets** | | **70,526** | 66,061 |
| | | | |
| Inventories | 15 | **29,235** | 25,203 |
| Trade and other receivables | 16 | **61,700** | 56,783 |
| Cash and cash equivalents | | **10,021** | 10,037 |
| **Total current assets** | | **100,956** | 92,023 |
| **Total assets** | | **171,482** | 158,084 |
| | | | |
| **Liabilities** | | | |
| Retirement benefit obligations | 22 | **227** | 124 |
| Deferred tax liabilities | 14 | **3,119** | 3,177 |
| Other payables | 17 | **886** | 566 |
| Provisions | 19 | **482** | 420 |
| **Total non-current liabilities** | | **4,714** | 4,287 |
| | | | |
| Trade and other payables | 17 | **37,250** | 35,226 |
| Loans and borrowing | 18 | **2,500** | – |
| Current tax liabilities | | **2,841** | 2,012 |
| Provisions | 19 | **23** | 523 |
| **Total current liabilities** | | **42,614** | 37,761 |
| **Total liabilities** | | **47,328** | 42,048 |
| **Net assets** | | **124,154** | 116,036 |
| | | | |
| **Equity** | | | |
| Share capital | 20 | **938** | 924 |
| Share premium | | **39,388** | 39,388 |
| Translation reserve | 20 | **3,829** | 1,875 |
| Other reserves | 20 | **6,056** | 3,402 |
| Retained earnings | 20 | **73,943** | 70,447 |
| **Total equity attributable to owners of the Company** | | **124,154** | 116,036 |

The financial statements were approved by the Board of Directors and authorised for issue on 15 June 2015.

**J N Newton**
Director

**W Pallot**
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital £'000 | Share premium £'000 | Translation reserve £'000 | Merger reserve £'000 | Capital redemption reserve £'000 | Share-based payment reserve £'000 | Own shares held by EBT £'000 | Retained earnings £'000 | Total equity £'000 |
|---|---|---|---|---|---|---|---|---|---|
| **At 28 February 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** |
| Profit for the year | – | – | – | – | – | – | – | 8,748 | 8,748 |
| **Other comprehensive income** | | | | | | | | | |
| Exchange differences on translating foreign operations | – | – | 1,954 | – | – | – | – | – | 1,954 |
| Remeasurements on the defined benefit pension scheme | – | – | – | – | – | – | – | (106) | (106) |
| **Total comprehensive income for the year** | **–** | **–** | **1,954** | **–** | **–** | **–** | **–** | **8,642** | **10,596** |
| **Transactions with owners** | | | | | | | | | |
| Issue of shares | 14 | – | – | 1,386 | – | – | – | (3) | 1,397 |
| Dividends to equity holders of the Company | – | – | – | – | – | – | – | (4,276) | (4,276) |
| Share options exercised | – | – | – | – | – | – | 864 | (749) | 115 |
| Deferred tax on share-based payment transactions | – | – | – | – | – | – | – | (118) | (118) |
| Share-based payment transactions | – | – | – | – | – | 404 | – | – | 404 |
| **Total transactions with owners of the Company** | **14** | **–** | **–** | **1,386** | **–** | **404** | **864** | **(5,146)** | **(2,478)** |
| **At 28 February 2015** | **938** | **39,388** | **3,829** | **1,386** | **22** | **4,986** | **(338)** | **73,943** | **124,154** |

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 28 FEBRUARY 2015

| | Year ended 28 February 2015 £'000 | Year ended 28 February 2014 £'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before taxation | 9,604 | 9,479 |
| Finance income | (46) | (49) |
| Finance costs | 94 | 80 |
| Operating profit | 9,652 | 9,510 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 660 | 624 |
| Amortisation of intangible assets | 3,259 | 2,764 |
| Loss on sale of property, plant and equipment | 8 | 39 |
| Share-based payment charges | 496 | 686 |
| | 14,075 | 13,623 |
| Increase in inventories | (2,443) | (303) |
| Decrease/(increase) in trade and other receivables | 272 | (4,759) |
| (Decrease)/increase in trade and other payables | (246) | 4,815 |
| **Cash generated from operating activities** | 11,658 | 13,376 |
| Income taxes paid | (1,410) | (2,264) |
| **Net cash generated from operating activities** | 10,248 | 11,112 |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | (274) | (839) |
| Purchase of businesses, net of cash acquired | (5,325) | (8,507) |
| Purchases of intangible assets | (3,562) | (1,684) |
| Proceeds from sales of property, plant and equipment | 6 | – |
| Interest received | 26 | 24 |
| **Net cash used in investing activities** | (9,129) | (11,006) |
| **Cash flows from financing activities** | | |
| Equity dividends paid | (4,276) | (4,041) |
| Proceeds from exercise of share options | 115 | – |
| Drawdown of borrowings | 2,500 | – |
| Interest paid | (68) | (55) |
| **Net cash used in financing activities** | (1,729) | (4,096) |
| **Net decrease in cash and cash equivalents** | (610) | (3,990) |
| Cash and cash equivalents at beginning of year | 10,037 | 14,625 |
| Exchange gain/(loss) on cash and cash equivalents | 594 | (598) |
| **Cash and cash equivalents at end of year** | 10,021 | 10,037 |

# NOTES TO THE FINANCIAL STATEMENTS

## ACCOUNTING POLICIES

### 1. Reporting entity

Bloomsbury Publishing Plc (the 'Company') is a Company domiciled in the United Kingdom. The address of the Company's registered office can be found on page 149. The consolidated financial statements of the Company as at and for the year ended 28 February 2015 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) Representation of highlighted items**

An operating profit before highlighted items figure has been disclosed because in the view of the Directors this gives a fairer reflection of the core business performance. The basis for inclusion within highlighted items has changed in the year to more accurately reflect this and 28 February 2014 comparison has been restated accordingly.

In response to the evolving digital marketplace the development of online knowledge hubs is now a core part of our business. In the light of this, our investment in online platforms, which was previously relatively small, has been increasing. We have therefore decided to change the treatment in our financial statements of the amortisation of product and systems development assets, our internally generated intangibles.

Amortisation within highlighted items now only includes amortisation of acquired intangible assets. Internally generated intangible asset amortisation has been removed from highlighted items as it is considered to be a recurring and standard cost of the business.

Internally generated intangible asset amortisation of £1,054,000 for the year ended 28 February 2014 has been removed from highlighted items.

The adjusted profit figure used in the calculation of adjusted earnings per share has been restated to remove the internally generated intangible asset amortisation from highlighted items. The effect is to decrease the adjusted profit.

The operating segment comparative information has been amended to reflect this change. Product and system development amortisation is now allocated to divisions in the operating results reviewed by the Chief Operating Decision Maker. The comparative information has been amended to reflect this change.

### d) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review on pages 1 to 45. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 29 to 35. 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 2016, 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.

### e) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, 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 judgments and areas where the use of estimates is significant are disclosed in note 2w).

### f) Application of new and amended standards and interpretations

The following amendments and interpretations were adopted by the Group for the year ended 28 February 2015 and have not had a material impact on the Group financial statements:

- IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosures of Involvement with Other Entities', amendments to IAS 27 'Separate Financial Statements' and amendments to IAS 28 'Investments in Associates and Joint Ventures' (issued as a package effective for annual periods beginning on or after 1 January 2014). These are a new suite of standards on consolidation and related standards, replacing the existing accounting for subsidiaries and joint ventures (now joint arrangements), and making limited amendments in relation to associates.

- Amendments to IAS 39, 'Novation of Derivatives and Continuation of Hedge Accounting', effective for annual reporting periods beginning on or after 1 January 2014. The amendments mean there would be no need to discontinue hedge accounting if a hedge derivative was novated and certain criteria met.

- Amendments to IAS 32, 'Financial Instruments: Presentation', effective for annual reporting periods beginning on or after 1 January 2014. The amendments clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## ACCOUNTING POLICIES

### g) Basis of consolidation

*i) Business combinations*

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

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

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

All subsidiaries except Bloomsbury Publishing India Private Limited and the recently acquired Osprey Publishing group 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. The Osprey Group entities have a 31 December year end.

*iii) Loss of control*

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

*iv) Transactions eliminated on consolidation*

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

**h) 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 when the Group has discharged its obligations under the arrangement to deliver the associated material, and the Group has either received appropriately enacted contractual documentation or received payment, 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.

**i) 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 FINANCIAL STATEMENTS

## ACCOUNTING POLICIES

### j) 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 substantively enacted by the end of the reporting period.

iii) *Current and deferred tax for the year*

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

### k) 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 2g) 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 relationships | - 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.

**l) 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.

**m) Impairment of tangible and intangible assets excluding goodwill**

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the

# NOTES TO THE FINANCIAL STATEMENTS

## ACCOUNTING POLICIES

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.

**n) 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.

**o) 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.

**p) 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).

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

*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.

**r) Operating leases**
Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as 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.

## s) Employee benefits

### i) *Defined contribution plans*

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

### ii) *Defined benefit plans*

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. 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.

## t) 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 2g). 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.

## u) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## ACCOUNTING POLICIES

**v) Dividends**
Dividends are recognised as liabilities once they are appropriately authorised.

**w) Critical accounting estimates and judgments**
Estimates and judgments 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 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 judgment, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made. Note 11 details the assumptions used.

## 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 is shown below:

| **Year ended 28 February 2015** | Adult £'000 | Children's & Educational £'000 | Academic & Professional £'000 | Information £'000 | Unallocated £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| External revenue | 44,669 | 26,635 | 35,959 | 3,862 | – | 111,125 |
| Cost of sales | (21,556) | (11,844) | (13,489) | (911) | – | (47,800) |
| **Gross profit** | **23,113** | **14,791** | **22,470** | **2,951** | **–** | **63,325** |
| Marketing and distribution costs | (6,393) | (4,422) | (4,605) | (99) | – | (15,519) |
| **Contribution before administrative expenses** | **16,720** | **10,369** | **17,865** | **2,852** | **–** | **47,806** |
| Administrative expenses excluding highlighted items | (13,672) | (7,510) | (12,774) | (1,723) | – | (35,679) |
| **Operating profit before highlighted items / segment result** | **3,048** | **2,859** | **5,091** | **1,129** | **–** | **12,127** |
| Amortisation of acquired intangible assets | (109) | (214) | (1,497) | (5) | – | (1,825) |
| Other highlighted items | – | – | – | – | (650) | (650) |
| **Operating profit / (loss)** | **2,939** | **2,645** | **3,594** | **1,124** | **(650)** | **9,652** |
| Finance income | – | – | – | – | 46 | 46 |
| Finance costs | – | – | – | – | (94) | (94) |
| **Profit / (loss) before taxation** | **2,939** | **2,645** | **3,594** | **1,124** | **(698)** | **9,604** |
| Taxation | – | – | – | – | (856) | (856) |
| **Profit / (loss) for the year** | **2,939** | **2,645** | **3,594** | **1,124** | **(1,554)** | **8,748** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Operating profit before highlighted items / segment results** | **3,048** | **2,859** | **5,091** | **1,129** | **–** | **12,127** |
| Depreciation | 266 | 156 | 212 | 26 | – | 660 |
| Amortisation of internally generated intangibles | 419 | 172 | 822 | 21 | – | 1,434 |
| **EBITDA before highlighted items** | **3,733** | **3,187** | **6,125** | **1,176** | **–** | **14,221** |

# NOTES TO THE FINANCIAL STATEMENTS

| 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 | (13,645) | (7,359) | (12,310) | (2,124) | – | (35,438) |
| **Operating profit before highlighted items / segment result** | **5,126** | **1,882** | **3,923** | **1,054** | **–** | **11,985** |
| Amortisation of acquired intangible assets | (179) | (218) | (1,308) | (5) | – | (1,710) |
| Other highlighted items | – | – | – | – | (765) | (765) |
| **Operating profit / (loss)** | **4,947** | **1,664** | **2,615** | **1,049** | **(765)** | **9,510** |
| Finance income | – | – | – | – | 49 | 49 |
| Finance costs | – | – | – | – | (80) | (80) |
| **Profit / (loss) before taxation** | **4,947** | **1,664** | **2,615** | **1,049** | **(796)** | **9,479** |
| Taxation | – | – | – | – | (1,776) | (1,776) |
| **Profit / (loss) for the year** | **4,947** | **1,664** | **2,615** | **1,049** | **(2,572)** | **7,703** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Operating profit before highlighted items / segment results** | **5,126** | **1,882** | **3,923** | **1,054** | **–** | **11,985** |
| Depreciation | 289 | 135 | 173 | 27 | – | 624 |
| Amortisation of internally generated intangibles | 307 | 103 | 613 | 31 | – | 1,054 |
| **EBITDA before highlighted items** | **5,722** | **2,120** | **4,709** | **1,112** | **–** | **13,663** |

*See note 2c)

### Total assets

| | **28 February 2015 £'000** | 28 February 2014 £'000 |
|---|---|---|
| Adult | **22,402** | 16,372 |
| Children's & Educational | **11,473** | 11,478 |
| Academic & Professional | **56,756** | 55,940 |
| Information | **384** | 261 |
| Unallocated | **80,467** | 74,033 |
| Total assets | **171,482** | 158,084 |

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

**External revenue by destination**

| | United Kingdom £'000 | North America £'000 | *Source* Australia £'000 | India £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Destination** | | | | | |
| **Year ended 28 February 2015** | | | | | |
| United Kingdom (country of domicile) | 53,815 | – | – | – | 53,815 |
| North America | 4,438 | 29,038 | – | – | 33,476 |
| Continental Europe | 8,897 | 1 | – | – | 8,898 |
| Australasia | 444 | – | 6,025 | – | 6,469 |
| Middle East and Asia | 3,555 | – | – | 1,589 | 5,144 |
| Rest of the world | 3,206 | 117 | – | – | 3,323 |
| Overseas countries | 20,540 | 29,156 | 6,025 | 1,589 | 57,310 |
| **Total** | **74,355** | **29,156** | **6,025** | **1,589** | **111,125** |
| **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** | **71,699** | **29,985** | **6,365** | **1,477** | **109,496** |

During the year sales to one customer exceeded 10% of Group revenue (2014: one customer). The value of these sales was £21,111,000 (2014: £21,507,000).

**External revenue by product type**

| | **Year ended 28 February 2015 £'000** | Year ended 28 February 2014 £'000 |
|---|---|---|
| Print | **85,301** | 88,860 |
| Digital | **11,748** | 12,175 |
| Rights and services[1] | **14,076** | 8,461 |
| Total | **111,125** | 109,496 |

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**

| | **Year ended 28 February 2015 £'000** | Year ended 28 February 2014 £'000 |
|---|---|---|
| United Kingdom (country of domicile) | **61,837** | 58,934 |
| North America | **5,027** | 4,962 |
| Other | **55** | 70 |
| Total | **66,919** | 63,966 |

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Operating profit

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

| | Notes | **Year ended 28 February 2015 £'000** | Year ended 28 February 2014* £'000 |
|---|---|---|---|
| Purchase of goods and changes in inventories | 15 | **30,705** | 29,355 |
| Auditor's remuneration (see below) | | **245** | 196 |
| Depreciation of property, plant and equipment | 13 | **660** | 624 |
| Operating leases | | **1,276** | 1,328 |
| Loss on disposal of property, plant and equipment | | **8** | 39 |
| Highlighted items (see below) | | **2,475** | 2,475 |
| Advance provisions | | **3,567** | 4,892 |
| Exchange (gain)/ loss | | **(134)** | 19 |
| Staff costs | 5 | **24,487** | 23,632 |

**Highlighted items**

| | Notes | **Year ended 28 February 2015 £'000** | Year ended 28 February 2014* £'000 |
|---|---|---|---|
| Legal and other professional fees | | **215** | 218 |
| Restructuring costs | | **435** | 547 |
| Other highlighted items | | **650** | 765 |
| Amortisation of acquired intangible assets | 12 | **1,825** | 1,710 |
| Total highlighted items | | **2,475** | 2,475 |

* See note 2c)

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

Legal and other professional costs of £215,000 were incurred primarily in relation to the acquisition of the Osprey Publishing group, see note 9 (2014: £218,000 incurred primarily in relation to the acquisition of Hart Publishing Ltd and the trade and assets of New Holland).

Restructuring costs of £435,000 have been incurred as a result of the Group's acquisition activities and the One Global Bloomsbury strategic reorganisation (2014: £547,000 incurred as a result of the Group's acquisition activities and the One Global Bloomsbury strategic reorganisation).

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

| | Year ended 28 February 2015 | | | Year ended 28 February 2014 | | |
|---|---|---|---|---|---|---|
| | UK £'000 | Overseas £'000 | Total £'000 | UK £'000 | Overseas £'000 | Total £'000 |
| **Fees payable to the Company's auditor for the audit of parent company and consolidated financial statements** | 125 | 60 | 185 | 105 | 60 | 165 |
| **Fees payable to the Company's auditor and its associates for other services:** | | | | | | |
| Audit of the Company's subsidiaries pursuant to legislation | 35 | – | 35 | 4 | – | 4 |
| Other services pursuant to legislation: | | | | | | |
| Interim review | 25 | – | 25 | 25 | – | 25 |
| **Tax services** | | | | | | |
| Compliance | – | – | – | 2 | – | 2* |
| **Total** | 185 | 60 | 245 | 136 | 60 | 196 |

* Paid to Baker Tilly UK Audit LLP.

## 5. Staff costs

Staff costs, including Directors , during the year were:

| | Year ended 28 February 2015 £'000 | Year ended 28 February 2014 £'000 |
|---|---|---|
| Salaries | 21,163 | 20,460 |
| Redundancy costs | 353 | 282 |
| Social security costs | 1,683 | 1,607 |
| Pension costs (see note 22) | 792 | 597 |
| Share-based payment charge (see note 21) | 496 | 686 |
| **Total** | 24,487 | 23,632 |

The average monthly number of employees during the year was:

| | Number | Number |
|---|---|---|
| Editorial, production and selling | 457 | 432 |
| Finance and administration | 93 | 92 |
| **Total** | 550 | 524 |

Staff costs are charged to administrative expenses.

# NOTES TO THE FINANCIAL STATEMENTS

The Group considers key management personnel as defined under IAS 24 'Related Party Disclosures' to be the Executive 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 82.

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

| | **Year ended 28 February 2015 £'000** | Year ended 28 February 2014 £'000 |
|---|---|---|
| Short-term employee benefits | **2,859** | 3,639 |
| Post-employment benefits | **183** | 207 |
| Share-based payment charges | **490** | 653 |
| Total | **3,532** | 4,499 |

## 6. Finance income and finance costs

| | **Year ended 28 February 2015 £'000** | Year ended 28 February 2014 £'000 |
|---|---|---|
| Finance income | | |
| Interest on bank deposits | **13** | 24 |
| Other interest receivable | **13** | 5 |
| Return on pension plan assets (see note 22) | **20** | 20 |
| Total | **46** | 49 |
| | | |
| Finance costs | | |
| Interest cost on pension obligations (see note 22) | **26** | 25 |
| Interest on bank overdraft and loans | **61** | 29 |
| Other interest payable | **7** | 26 |
| Total | **94** | 80 |

## 7. Taxation

### a) Tax charge for the year

| | Notes | Year ended 28 February 2015 £'000 | Year ended 28 February 2014 £'000 |
|---|---|---|---|
| **Current taxation** | | | |
| UK corporation tax | | | |
| Current year | | 2,038 | 2,076 |
| Adjustment in respect of prior years | | 279 | (490) |
| Overseas taxation | | | |
| Current year | | 695 | 855 |
| Adjustment in respect of prior years | | (274) | 6 |
| | | 2,738 | 2,447 |
| **Deferred tax** | 14 | | |
| UK | | | |
| Origination and reversal of temporary differences | | (671) | (278) |
| Tax rate adjustment | | – | (268) |
| Overseas | | | |
| Origination and reversal of temporary differences | | (413) | (125) |
| Adjustment in respect of prior years | | (798) | – |
| | | (1,882) | (671) |
| **Total taxation expense** | | 856 | 1,776 |

### 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 21.17% (2014: 23.08%). The reasons for this are explained below:

| | Year ended 28 February 2015 £'000 | % | Year ended 28 February 2014 £'000 | % |
|---|---|---|---|---|
| **Profit before taxation** | 9,604 | 100.00 | 9,479 | 100.00 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.17% (2014: 23.08%) | 2,033 | 21.17 | 2,188 | 23.08 |
| **Effects of:** | | | | |
| Non-deductible revenue expenditure | 23 | 0.24 | (42) | (0.44) |
| Non-qualifying depreciation | 18 | 0.19 | 21 | 0.22 |
| Share-based payment transactions | – | – | 22 | 0.23 |
| Movement in unrecognised temporary differences | 38 | 0.40 | 53 | 0.56 |
| Different rates of tax in foreign jurisdictions | 71 | 0.74 | 318 | 3.35 |
| Tax losses utilised | (583) | (6.08) | (260) | (2.74) |
| Movement in deferred tax rate | – | – | (268) | (2.83) |
| **Adjustment to tax charge in respect of prior years** | | | | |
| Current tax | 5 | 0.05 | (484) | (5.11) |
| Deferred tax | (795) | (8.27) | 191 | 2.02 |
| Tax charge for the year before disallowable costs on highlighted and other non-recurring items | 810 | 8.44 | 1,739 | 18.34 |
| **Highlighted and other non-recurring items:** | | | | |
| Disallowable costs incurred on acquisitions | 46 | 0.48 | 37 | 0.39 |
| **Tax charge for the year** | 856 | 8.92 | 1,776 | 18.73 |

# NOTES TO THE FINANCIAL STATEMENTS

The £795,000 deferred tax adjustment in respect of prior years for the year ended 28 February 2015 relates to increased certainty over the recoverability of provision temporary differences in the US.

The £484,000 current tax adjustment for the year ended 28 February 2014 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 21% to 20% with effect from 1 April 2015. We have applied the 20% tax rate for deferred tax balances in the UK in both years.

**d) Tax effects of components of other comprehensive income**

| | Before tax 2015 £'000 | Tax charge 2015 £'000 | After tax 2015 £'000 | Before tax 2014 £'000 | Tax charge 2014 £'000 | After tax 2014 £'000 |
|---|---|---|---|---|---|---|
| Exchange difference on translating foreign operations | 1,954 | – | 1,954 | (3,169) | – | (3,169) |
| Remeasurements on the defined benefit pension scheme | (106) | – | (106) | (13) | – | (13) |
| Other comprehensive income | 1,848 | – | 1,848 | (3,182) | – | (3,182) |

## 8. Dividends

| | Year ended 28 February 2015 £'000 | Year ended 28 February 2014 £'000 |
|---|---|---|
| Amounts paid in the year | | |
| Prior period final 4.84p dividend per share (2014: 4.56p) | 3,531 | 3,326 |
| Interim 1.02p dividend per share (2014: 0.98p) | 745 | 715 |
| Total dividend payments in the year | 4,276 | 4,041 |
| Amounts arising in respect of the year | | |
| Interim 1.02p dividend per share for the year (2014: 0.98p) | 745 | 715 |
| Proposed 5.08p final dividend per share for the year (2014: 4.84p) | 3,797 | 3,531 |
| Total dividend 6.10p per share for the year (2014: 5.82p) | 4,542 | 4,246 |

The Directors are recommending a final dividend of 5.08 pence per share, which, subject to shareholder approval at the Annual General Meeting, will be paid on 23 September 2015 to shareholders on the register at close of business on 28 August 2015. The ex-dividend date is 26 August 2015.

## 9. Acquisitions

**Osprey Publishing Group**

On 22 December 2014 the Group acquired the issued share capital of Osprey Publishing Limited ('Osprey'), the Oxford-based military and natural history publisher, from private equity ownership, principally The Third Alcuin Fund LP, a fund managed by Alcuin Capital Partners LLP. The consideration of £4.6 million was satisfied by the payment of £3.2 million in cash on completion and the issue of 869,054 new Bloomsbury Ordinary shares to the value of £1.4 million.

The acquisition of Osprey increases our presence in niche special interest markets. It is complementary to, and will substantially enhance, our existing lists; in particular increasing the division's expertise in natural history and military history publishing, as well as international sales. Over 50% of Osprey's revenue is generated outside the UK, thereby increasing Bloomsbury's benefit from the global book market.

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

| **Net assets acquired** | Total fair value to the Group £'000 |
|---|---|
| Identifiable intangible assets | 1,583 |
| Property, plant and equipment | 44 |
| Inventories | 1,848 |
| Trade and other receivables | 1,537 |
| Cash and cash equivalents | 309 |
| Deferred tax liability | (234) |
| Payables and provisions | (2,022) |
| **Total net assets acquired** | **3,065** |
| Goodwill | 1,581 |
| Total | 4,646 |
| | |
| Satisfied by: | |
| Cash consideration | 3,250 |
| Share consideration | 1,396 |
| **Total consideration** | **4,646** |

Identifiable intangible assets of £1,583,000 consist of publishing rights of £719,000, imprint of £782,000, customer relationships of £74,000 and software of £8,000. The publishing rights and customer relationships have a useful life of 12 years and imprint 20 years. The goodwill arising of £1,581,000 is attributable to the expected profitability of the acquired business and the synergies expected to arise after the acquisition.

The gross contractual trade receivable at acquisition is £1,644,000 of which £46,000 is the best estimate of the contractual cash flows that are not expected to be collected.

Transaction costs of £210,000 have been expensed in the year within administrative expenses.

From 23 December 2014 revenue of £1,195,000 and profit before tax attributable to owners of the Company of £26,000 has been included in the consolidated income statement in relation to Osprey.

If the acquisition had occurred on 1 March 2014 the revenue and profit attributable to shareholders of the combined entity for the current year would have been £117.0 million and £8.3 million respectively. These pro forma amounts do not include any possible synergies from the acquisition. The pro forma information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

# NOTES TO THE FINANCIAL STATEMENTS

**Prior year acquisition**

*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 £0.5 million was payable on the achievement of certain revenue and title number targets for the period ending 31 March 2014. As these targets were met the amount was paid in the year ended February 2015. 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 enabled 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 | Total fair value to the Group £'000 |
|---|---|
| Identifiable intangible assets | 2,203 |
| Property, plant and equipment | 17 |
| Inventories | 557 |
| Trade and other receivables | 550 |
| Deferred tax liability | (439) |
| Payables and provisions | (761) |
| **Total net assets acquired** | **2,127** |
| Goodwill | 4,585 |
| Cash consideration | 6,500 |
| Working capital adjustment | (288) |
| Contingent consideration | 500 |
| **Total cash consideration** | **6,712** |

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 prior year within administrative expenses.

From 2 September 2013 revenue of £1,753,000 and profit before tax attributable to owners of the Company of £538,000 has 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 for the year ended 28 February 2014 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.

## 10. Earnings per share

The basic earnings per share for the year ended 28 February 2015 is calculated using a weighted average number of Ordinary Shares in issue of 73,250,139 (2014: 72,852,467) 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 2015 £'000 | Year ended 28 February 2014 £'000 |
|---|---|---|
| **Weighted average shares in issue** | **73,250,139** | 72,852,467 |
| Dilution | **262,644** | 1,009,084 |
| **Diluted weighted average shares in issue** | **73,512,783** | 73,861,551 |

| | £'000 | £'000 |
|---|---|---|
| **Profit after tax attributable to owners of the Company** | **8,748** | 7,703 |
| **Basic earnings per share** | **11.94p** | 10.57p |
| **Diluted earnings per share** | **11.90p** | 10.43p |

| | £'000 | £'000 |
|---|---|---|
| **Adjusted profit attributable to owners of the Company**[1] | **10,826** | 9,456 |
| **Adjusted basic earnings per share** | **14.78p** | 12.98p |
| **Adjusted diluted earnings per share** | **14.73p** | 12.80p |

Adjusted profit is derived as follows:

| | Year ended 28 February 2015 £'000 | Year ended 28 February 2014[1] £'000 |
|---|---|---|
| Profit before taxation | **9,604** | 9,479 |
| Amortisation of acquired intangible assets[1] | **1,825** | 1,710 |
| Other highlighted items | **650** | 765 |
| **Adjusted profit before tax**[1] | **12,079** | 11,954 |
| | | |
| Tax expense | **856** | 1,776 |
| Deferred tax movements on goodwill and acquired intangible assets | **305** | 582 |
| Tax expense on other highlighted items | **92** | 140 |
| **Adjusted tax** | **1,253** | 2,498 |
| | | |
| **Adjusted profit**[1] | **10,826** | 9,456 |

1. Adjusted profit has been restated for the year ended 28 February 2014, see note 2c).

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

# NOTES TO THE FINANCIAL STATEMENTS

## 11. Goodwill

| | 28 February 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| **Cost** | | |
| At start of year | **43,764** | 39,390 |
| Acquisitions | **1,670** | 4,701 |
| Revision of Cost | **62** | – |
| Exchange differences | **268** | (327) |
| **At end of year** | **45,764** | 43,764 |
| | | |
| **Impairment** | | |
| At start of year | **4,253** | 4,256 |
| Exchange differences | **3** | (3) |
| **At end of year** | **4,256** | 4,253 |
| | | |
| **Net book value** | | |
| **At end of year** | **41,508** | 39,511 |
| At start of year | **39,511** | 35,134 |

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

Acquisitions relate to Osprey Publishing, see note 9 for further information, and the purchase of the Conway nautical list, see note 12. The revision of cost relates to the contingent consideration on the Oxford International Publishers Limited acquisition, see note 19 for further information.

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. The following is a summary of goodwill allocation for each publishing division:

| | 28 February 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| Adult | **6,676** | 4,860 |
| Children's & Educational | **4,693** | 4,573 |
| Academic & Professional | **30,139** | 30,078 |
| Information | **–** | – |
| **Total** | **41,508** | 39,511 |

### 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 2016 and the Board approved five-year plan. The calculations include a terminal value based on the projections for the final year of the five-year plan with a long-term growth rate assumption applied.

The key assumptions for calculating value in use are:

| | Discount rates | | Revenue growth | | Long-term growth | |
|---|---|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
| | **%** | % | **%** | % | **%** | % |
| Adult | **6.5** | 6.5 | **(0.6)-0.5** | (1.3)-2.5 | **2.5** | 2.5 |
| Children's & Educational | **7.5** | 7.5 | **5.3-7.0** | 6.2-9.5 | **2.5** | 2.5 |
| Academic & Professional | **6.5** | 6.5 | **4.7-5.8** | 5.1-6.8 | **2.5** | 2.5 |
| Information | **10.0** | 10.0 | **(9.8)-7.0** | 7.4-8.9 | **2.5** | 2.5 |

### Discount rates

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

### Revenue growth rates

Growth rates have been calculated based on those applied to the Board approved budget for the year ended 28 February 2016 and five-year plan. They incorporate future expectations of growth in backlist revenues and identified new revenue streams.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 12. Other intangible assets

| | Publishing rights £'000 | Trademarks £'000 | Imprints £'000 | Subscriber and customer relationships £'000 | Systems development £'000 | Product development £'000 | Assets under construction £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| At 28 February 2013 | 14,054 | 119 | 3,186 | 3,888 | 2,253 | 2,392 | – | 25,892 |
| Acquisitions | 830 | – | 1,110 | 465 | 7 | – | – | 2,412 |
| Additions | – | – | – | – | 652 | 284 | 748 | 1,684 |
| Transfers | – | – | – | – | – | 128 | (128) | – |
| Exchange differences | (135) | (11) | – | (24) | (11) | – | – | (181) |
| **At 28 February 2014** | 14,749 | 108 | 4,296 | 4,329 | 2,901 | 2,804 | 620 | 29,807 |
| Acquisitions | 719 | – | 782 | 74 | 8 | – | – | 1,583 |
| Additions | 145 | 25 | 86 | – | 855 | 1,034 | 1,215 | 3,360 |
| Transfers | – | – | – | – | – | 949 | (949) | – |
| Disposals | – | – | – | (652) | – | – | – | (652) |
| Exchange differences | 110 | 9 | – | 20 | 18 | 2 | – | 159 |
| **At 28 February 2015** | **15,723** | **142** | **5,164** | **3,771** | **3,782** | **4,789** | **886** | **34,257** |
| **Amortisation** | | | | | | | | |
| At 28 February 2013 | 3,231 | – | 472 | 1,117 | 587 | 374 | – | 5,781 |
| Charge for the year | 1,231 | – | 163 | 316 | 488 | 566 | – | 2,764 |
| Exchange differences | (46) | – | – | (2) | – | – | – | (48) |
| **At 28 February 2014** | 4,416 | – | 635 | 1,431 | 1,075 | 940 | – | 8,497 |
| Charge for the year | 1,266 | – | 192 | 367 | 630 | 804 | – | 3,259 |
| Disposals | – | – | – | (130) | – | – | – | (130) |
| Exchange differences | 47 | – | – | 3 | 3 | – | – | 53 |
| **At 28 February 2015** | **5,729** | **–** | **827** | **1,671** | **1,708** | **1,744** | **–** | **11,679** |
| **Net book value** | | | | | | | | |
| **At 28 February 2015** | **9,994** | **142** | **4,337** | **2,100** | **2,074** | **3,045** | **886** | **22,578** |
| **At 28 February 2014** | 10,333 | 108 | 3,661 | 2,898 | 1,826 | 1,864 | 620 | 21,310 |

**Conway**

On 1 September 2014 the Group acquired the Conway nautical list from Pavilions Books for a total consideration of £442,000.

Goodwill of £89,000 and intangible assets of £231,000 were recognised on acquisition. The intangible assets consist of publishing rights of £145,000 and imprint of £86,000. The publishing rights have a useful life of 13 years, and the imprint a useful life of 20 years.

## 13. Property, plant and equipment

| | Short leasehold improvements £'000 | Furniture and fittings £'000 | Computers and other office equipment £'000 | Motor vehicles £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 28 February 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 |
| Acquisitions | – | 7 | 36 | – | 43 |
| Additions | 39 | 25 | 210 | – | 274 |
| Disposals | – | (1) | (54) | (30) | (85) |
| Exchange differences | 9 | 28 | 21 | 3 | 61 |
| **At 28 February 2015** | **2,771** | **802** | **2,043** | **128** | **5,744** |

| | Short leasehold improvements £'000 | Furniture and fittings £'000 | Computers and other office equipment £'000 | Motor vehicles £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Depreciation** | | | | | |
| 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 |
| Disposals | – | (1) | (50) | (21) | (72) |
| Charge for the year | 294 | 81 | 278 | 7 | 660 |
| Exchange differences | 2 | 6 | 8 | 1 | 17 |
| **At 28 February 2015** | **963** | **385** | **1,452** | **111** | **2,911** |
| **Net book value** | | | | | |
| **At 28 February 2015** | **1,808** | **417** | **591** | **17** | **2,833** |
| **At 28 February 2014** | 2,056 | 444 | 614 | 31 | 3,145 |

The depreciation charge is included in administrative expenses.

# NOTES TO THE FINANCIAL STATEMENTS

## 14. Deferred tax assets and liabilities

**a) Recognised deferred tax assets and liabilities**

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

Movement in temporary differences during the year:

| | Tax losses £'000 | Property, plant and equipment £'000 | Retirement benefit obligation £'000 | Share-based payments £'000 | Intangible assets £'000 | Other £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| At 28 February 2013 | 802 | (101) | 46 | 233 | (3,140) | 797 | (1,363) |
| Recognised on acquisition | – | – | – | – | (439) | – | (439) |
| Credit/(charge) 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) |
| Recognised on acquisition | 31 | 50 | – | – | (315) | – | (234) |
| Credit/(charge) to the income statement | 100 | 74 | 25 | (77) | 305 | 1,455 | 1,882 |
| Charge to equity | – | – | – | (118) | – | – | (118) |
| Exchange differences | 22 | – | – | – | – | 18 | 40 |
| **At 28 February 2015** | **1,078** | **5** | **66** | **152** | **(3,007)** | **2,194** | **488** |

Deferred tax assets in respect of losses are only recognised to the extent that it is anticipated they will be utilised in the foreseeable future. The significant credit to the income statement primarily relates to increased certainty over the recoverability of provision temporary differences in the US and recoverability of trading losses in the UK.

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

| | **28 February 2015 £'000** | 28 February 2014 £'000 |
|---|---|---|
| Deferred tax assets | **3,607** | 2,095 |
| Deferred tax liabilities | **(3,119)** | (3,177) |
| Total | **488** | (1,082) |

**c) Unrecognised deferred tax assets**

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

| | **28 February 2015 £'000** | 28 February 2014 £'000 |
|---|---|---|
| Unused tax losses | **–** | 598 |
| Non-trading losses | **465** | 425 |
| Total | **465** | 1,023 |

The gross tax losses on which no deferred asset has been recognised were £nil (2014: £2,989,000). The remaining unrecognised losses from 2014 have been fully recognised in 2015 as the Directors now deem them fully recoverable. This relates to tax losses for a subsidiary in the UK. These losses can be carried forward indefinitely.

At 28 February 2015 the Group had non-trading losses of approximately £2.3 million (2014: 2.1 million). 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.

## 15. Inventories

| | 28 February 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| Work in progress | 8,446 | 6,938 |
| Finished goods for resale | 20,789 | 18,265 |
| **Total** | **29,235** | 25,203 |

The cost of inventories recognised as cost of sales amounted to £24,111,000 (2014: £24,121,000). The provision and write down of inventories to net realisable value recognised in cost of sales amounted to £6,594,000 (2014: £5,234,000).

## 16. Trade and other receivables

| | 28 February 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| Gross trade receivables | 38,489 | 32,133 |
| Less: provision for impairment of receivables | (627) | (498) |
| Less: provision for returns | (6,057) | (4,749) |
| Net trade receivables | 31,805 | 26,886 |
| Income tax recoverable | 4 | 584 |
| Other receivables | 2,637 | 1,464 |
| Prepayments and accrued income | 27,254 | 27,849 |
| **Total trade and other receivables** | **61,700** | 56,783 |

As at 28 February 2015 £5,154,000 (2014: £5,120,000) of net advances are expected to be recovered after more than 12 months. Prepayments and accrued income includes £21,349,000 (2014: 20,834,000) of net advances.

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 104 days (2014: 97 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 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| At start of year | 498 | 815 |
| Amounts utilised | (222) | (285) |
| Amounts released | – | (255) |
| Assumed in a business combination | 46 | 16 |
| Exchange adjustments | – | (8) |
| Amounts created | 305 | 215 |
| **At end of year** | **627** | 498 |

# NOTES TO THE FINANCIAL STATEMENTS

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 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| At start of year | 4,749 | 5,347 |
| Amounts utilised | (14,722) | (14,499) |
| Amounts released | (124) | (247) |
| Assumed in a business combination | 386 | 55 |
| Exchange adjustments | 261 | (362) |
| Amounts created | 15,507 | 14,455 |
| **At end of year** | 6,057 | 4,749 |

If actual returns were 10% higher/lower in the year the revenue would have been £1.5 million lower/higher.

## 17. Trade and other payables

| | 28 February 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| **Non-current** | | |
| Other payables | 886 | 566 |
| **Current** | | |
| Trade payables | 18,684 | 13,698 |
| Taxation and social security | 582 | 632 |
| Other payables | 1,504 | 3,355 |
| Accruals | 15,476 | 15,701 |
| Deferred income | 1,004 | 1,840 |
| **Total current trade and other payables** | 37,250 | 35,226 |
| **Total trade and other payables** | 38,136 | 35,792 |

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.

## 18. Loans and borrowing

| | 28 February 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| **Current** | | |
| Unsecured bank loans | 2,500 | – |

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in note 23.

The secured bank loans are denominated in GBP, bear an interest rate of LIBOR plus 1.45% and mature in 2015.

## 19. Provisions

| | Property £'000 | Contingent consideration £'000 | Total £'000 |
|---|---|---|---|
| At 1 March 2014 | 66 | 877 | 943 |
| Utilised in the year | – | (500) | (500) |
| Created in the year | – | 62 | 62 |
| **At 28 February 2015** | **66** | **439** | **505** |
| Non-current | 43 | 439 | 482 |
| Current | 23 | – | 23 |

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 £439,000 has been recognised at 28 February 2015.

The Hart acquisition contingent consideration of £0.5 million was paid in the year.

## 20. Share capital and other reserves

### Share capital

| | 28 February 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| Authorised: | | |
| 98,459,604 Ordinary shares of 1.25p each | | |
| (2014: 98,459,604 Ordinary shares of 1.25p each) | **1,231** | 1,231 |
| Allotted, called up and fully paid: | | |
| 75,003,734 Ordinary Shares of 1.25p each | | |
| (2014: 73,844,724 Ordinary Shares of 1.25p each) | **938** | 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 2,371,666 (2014: 2,626,077) Ordinary Shares with an aggregate nominal value of £29,646 (2014: £32,826) (note 21).

The increase in share capital in the year relates to the Ordinary Shares issued for the acquisition of Osprey Publishing, see note 9, and Ordinary Shares issued to satisfy share options exercised in the year.

### Translation reserve

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

### Merger reserve

The merger reserve comprises the amount that would otherwise arise in share premium relating to specific share issue, wherein more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006.

The movement on the merger reserve in the year relates to the acquisition of Osprey Publishing, see note 9.

# NOTES TO THE FINANCIAL STATEMENTS

**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 to ended 28 February 2015 550,354 shares held by the EBT were used to satisfy share option exercises under the Bloomsbury Performance Share Plan (see note 21). 79,597 EBT shares were used to satisfy the dividends due on the vested shares exercised.

The market value of the 268,293 shares of the Company held at 28 February 2015 (2014: 898,244) in the EBT was £397,000 (2014: £1,590,000). 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 268,293 Ordinary Shares of 1.25 pence being approximately 0.4% of the issued Ordinary share capital.

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

## 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:

| | **28 February 2015 £'000** | 28 February 2014 £'000 |
|---|---|---|
| Equity settled share-based transactions | **404** | 597 |
| Cash settled share-based transactions | **92** | 89 |
| Total | **496** | 686 |

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 2015 of £58,000 (2014: £48,000), 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 2015 and 28 February 2014 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.

| | 2015 Number | Weighted average exercise price 2015 Pence | 2014 Number | Weighted average exercise price 2014 Pence |
|---|---|---|---|---|
| Outstanding at start of year | 4,000 | 250 | 37,560 | 186 |
| Lapsed during the year | (4,000) | 250 | (33,560) | 179 |
| **Outstanding at end of year** | – | – | 4,000 | 250 |
| **Exercisable at end of year** | – | – | 4,000 | 250 |

| | 2015 | 2014 |
|---|---|---|
| Range of exercise price of outstanding options (pence) | – | 249.5 |
| Weighted average remaining contracted life (months) | – | 1 |
| Expense recognised for the year (£'000) | – | – |

**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 82. 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.

| | 2015 Number | 2014 Number |
|---|---|---|
| Outstanding at start of year | 2,362,717 | 2,454,206 |
| Granted during the year | 739,611 | 581,693 |
| Exercised during the year | (723,086) | (327,824) |
| Lapsed during the year | (211,140) | (345,358) |
| **Outstanding at end of year** | 2,168,102 | 2,362,717 |
| **Exercisable at end of year** | – | – |

| | 2015 | 2014 |
|---|---|---|
| Range of exercise price of outstanding awards (pence) | – | – |
| Weighted average remaining contracted life (months) | 21 | 20 |
| Expense recognised for the year (£'000) | 483 | 671 |

# NOTES TO THE FINANCIAL STATEMENTS

The share awards granted in the year to 28 February 2015 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 | 162.5 pence | 162.5 pence |
| Exercise price | - | - |
| Expected term | 3 years | 3 years |
| Expected volatility | n/a | 22.7% |
| Risk free interest rate | n/a | 0.8% |
| Fair value charge per award | 162.5 pence | 95.14 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 Small Cap Index (excluding Investment Trusts) over a three year period from the date of grant. A median ranking results in 25% of shares subject to this performance condition vesting, rising to 100% for an upper 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 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.

| | Sharesave options 2015 Number | Weighted average exercise price 2015 Pence | Sharesave options 2014 Number | Weighted average exercise price 2014 Pence |
|---|---|---|---|---|
| Outstanding at start of year | 259,360 | 98 | 297,540 | 98 |
| Exercised during the year | (137,771) | 98 | – | – |
| Lapsed during the year | (17,731) | 98 | (38,180) | 98 |
| **Outstanding at end of year** | 103,858 | 98 | 259,360 | 98 |
| **Exercisable at end of year** | 5,146 | 98 | – | – |

| | 2015 | 2014 |
|---|---|---|
| Range of exercise price of outstanding options (pence) | 97.75 – 98.18 | 97.75 – 98.18 |
| Weighted average remaining contracted life (months) | 12 | 11 |
| Expense recognised for the year (£'000) | 12 | 15 |

### d) The Bloomsbury Company Share Option Plan 2014 ('the CSOP')

The Group operates the CSOP for senior employees. Awards under the scheme were granted at an option price per share of 160p. The option price is based on the closing mid-market price of a share on 23 December 2014

The vesting period is three years and the level of vesting is subject to the achievement of 'Annualised EPS in excess of RPI' performance conditions. Options are exercisable by the participant after the vesting date whilst the participant continues in employment with the Group up to a period ending 10 years after the date of grant.

| | 2015 Number | Weighted average exercise price 2015 Pence | 2014 Number | Weighted average exercise price 2014 Pence |
|---|---|---|---|---|
| Granted during the year | 99,706 | 160 | – | – |
| **Outstanding at end of year** | 99,706 | 160 | – | – |
| **Exercisable at end of year** | – | – | – | – |

| | 2015 | 2014 |
|---|---|---|
| Range of exercise price of outstanding awards (pence) | 160 | – |
| Weighted average remaining contracted life (months) | 120 | – |
| Expense recognised for the year (£'000) | 1 | – |

The share awards granted in the year to 28 February 2015 have been measured by New Bridge Street Consultants. The Annualised EPS in excess of RPI element has been measured using the Black-Scholes model. The inputs were:

| Performance condition | Annualised EPS |
|---|---|
| Share price | 162.5 pence |
| Exercise price | 160.0 pence |
| Expected term | 6.5 years |
| Expected volatility | 27.5% |
| Risk free interest rate | 1.5% |
| Fair value charge per award | 51.25 pence |

For the CSOP awards, volatility was calculated with reference to share price movements over the period prior to the grant date which is commensurate with the expected term. This results in a volatility of 27.5%.

# NOTES TO THE FINANCIAL STATEMENTS

## 22. Retirement benefit obligations

**Pension costs**

The pension costs charged to the income statement of £798,000 (2014: £602,000) 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 £792,000 (2014: £597,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. At 28 February 2015 there were no prepaid contributions (28 February 2014: 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 2015 by a qualified independent actuary.

Contributions are paid by the employer at the rate of £1,777 per month, plus expenses as and when required. Contributions paid to the scheme during the year were £21,000 (2014: £34,000). The Directors' best estimate of the contribution to be paid for in the year ending 28 February 2016 is £46,000.

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

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

| | **28 February 2015** | 28 February 2014 | 28 February 2013 |
|---|---|---|---|
| Discount rate | **3.40%** | 4.40% | 4.50% |
| Inflation assumption | **2.10–3.10%** | 2.50–3.40% | 2.55–3.30% |

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

The mortality assumptions adopted at 28 February 2015 are 110% of the standard tables PNxA00, Year of Birth, no age rating for males and females, projected using Long Cohort underpinned by 1.00% p.a. These imply the following life expectancies:

| | **28 February 2015 Years** | 28 February 2014 Years |
|---|---|---|
| Male retiring in 2035 | **25.6** | 25.5 |
| Female retiring in 2035 | **28.0** | 27.9 |
| Male retiring in 2015 | **23.6** | 23.5 |
| Female retiring in 2015 | **26.1** | 26.0 |

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

| | Year ended 28 February 2015 £'000 | Year ended 28 February 2014 £'000 |
|---|---|---|
| Interest cost | (26) | (25) |
| Return on pension plan assets | 20 | 20 |
| Expenses | (12) | (12) |
| Total | (18) | (17) |

A charge of £26,000 (2014: £25,000) has been included in finance costs and a credit of £20,000 (2014: £20,000) has been included in finance income.

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

| | Year ended 28 February 2015 £'000 | Year ended 28 February 2014 £'000 |
|---|---|---|
| Return on pension plan assets | 1 | (2) |
| Experience gains and losses arising on the defined benefit obligation – gain/(loss) | 5 | (1) |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss) | (112) | (10) |
| Total | (106) | (13) |

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 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| Fair value of assets (with profit policy) | 486 | 464 |
| Present value of funded scheme liabilities | (713) | (588) |
| Retirement benefit obligations (net liability) | (227) | (124) |
| Deferred tax assets | 45 | 25 |
| Total | (182) | (99) |
| | | |
| **Analysis for reporting purposes:** | | |
| Non-current liabilities | (227) | (124) |
| Deferred tax assets | 45 | 25 |

# NOTES TO THE FINANCIAL STATEMENTS

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

| | **Year ended 28 February 2015 £'000** | Year ended 28 February 2014 £'000 |
|---|---|---|
| At start of year | **(588)** | (579) |
| Expenses | **(12)** | (12) |
| Interest cost | **(26)** | (25) |
| Benefits paid and expenses | **20** | 39 |
| Remeasurement losses | **(107)** | (11) |
| **At end of year** | **(713)** | (588) |

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

| | **Year ended 28 February 2015 £'000** | Year ended 28 February 2014 £'000 |
|---|---|---|
| At start of year | **464** | 451 |
| Return on plan assets | **20** | 20 |
| Remeasurement gains / (losses) | **1** | (2) |
| Employer contributions | **21** | 34 |
| Benefits paid and expenses | **(20)** | (39) |
| **At end of year** | **486** | 464 |

The actual return on scheme assets was £21,000 (2014: gain of £18,000).

Assets:

| | **Year ended 28 February 2015 £'000** | Year ended 28 February 2014 £'000 | Year ended 28 February 2013 £'000 |
|---|---|---|---|
| With profits | **486** | 464 | 451 |
| **Total assets** | **486** | 464 | 451 |

None of the fair values of the assets shown above include any direct investments in the company's own financial instruments or any property occupied by, or other assets used by, the company. All of the scheme assets have a quoted market price in an active market.

## 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 2014.

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 2015 £'000** | 28 February 2014 £'000 |
|---|---|---|---|
| Loans and receivables | | | |
| Cash and cash equivalents | | **10,021** | 10,037 |
| Trade receivables | 16 | **31,805** | 26,886 |
| Accrued income | | **3,128** | 4,048 |
| Rights income receivable | | **1,688** | 1,559 |
| Total loans and receivables | | 46,642 | 42,530 |
| | | | |
| Financial liabilities measured at amortised cost | | | |
| Trade payables | 17 | **18,684** | 13,698 |
| Overdrafts and current loans | 18 | **2,500** | – |
| Other payables due in less than one year | | **2,086** | 3,987 |
| Other payables due in more than one year | 17 | **886** | 566 |
| Accruals | 17 | **15,476** | 15,701 |
| Total financial liabilities measured at amortised cost | | 39,632 | 33,952 |
| | | | |
| Financial liabilities measured at fair value | | | |
| Contingent consideration | 19 | **439** | 877 |
| Total financial liabilities measured at fair value | | 439 | 877 |
| Net financial instruments | | 6,571 | 7,701 |

# NOTES TO THE FINANCIAL STATEMENTS

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.

**Interest rate profile of financial assets**

| | **28 February 2015 £'000** | 28 February 2014 £'000 |
|---|---|---|
| Variable rate financial assets | **9,367** | 9,237 |
| Fixed rate financial assets | **654** | 800 |
| Total | **10,021** | 10,037 |

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 0.13% (2014: 0.2%). The Group had an interest bearing loan of £2,500,000 at 28 February 2015 (28 February 2014: nil).

**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 2015 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 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| Impact on profit or loss and equity | | |
| 1% increase in base rate of interest (2014: 1%) | 100 | 100 |
| 0.5% decrease in base rate of interest (2014: 0.5%) | (50) | (50) |

*(ii) Currency risk*

The Directors believe that in its current circumstances that the Group's risk from foreign currency exposure is limited and no active currency risk management by hedging is considered necessary, as a significant proportion of revenues are matched by expenditure in the same local currency creating some degree of natural hedging.

The Group's exposure to foreign currency risk was as follows based on notional amounts:

| | Loans and receivables | | Financial liabilities | |
|---|---|---|---|---|
| | 28 February 2015 £'000 | 28 February 2014 £'000 | 28 February 2015 £'000 | 28 February 2014 £'000 |
| GBP | 30,304 | 26,937 | 25,975 | 22,893 |
| USD | 11,672 | 11,139 | 9,857 | 8,949 |
| EURO | 1,071 | 1,039 | 562 | 513 |
| AUD | 2,433 | 2,621 | 3,433 | 2,373 |
| INR | 1,162 | 794 | 244 | 101 |
| Total | 46,642 | 42,530 | 40,071 | 34,829 |

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.

# NOTES TO THE FINANCIAL STATEMENTS

### 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 2015 £'000** | 28 February 2014 £'000 |
|---|---|---|
| **Impact on equity** | | |
| 10% weakening in US dollar against pound sterling (2014: 10%) | **(164)** | (199) |
| 10% strengthening in US dollar against pound sterling (2014: 10%) | **200** | 243 |
| 10% weakening in Euro against pound sterling (2014: 10%) | **(46)** | (48) |
| 10% strengthening in Euro against pound sterling (2014: 10%) | **57** | 58 |
| 10% weakening in AUS dollar against pound sterling (2014: 10%) | **91** | (23) |
| 10% strengthening in AUS dollar against pound sterling (2014: 10%) | **(111)** | 28 |
| 10% weakening in INR against pound sterling (2014: 10%) | **(83)** | (63) |
| 10% strengthening in INR against pound sterling (2014: 10%) | **102** | 77 |
| **Impact on income statement** | | |
| 10% weakening in US dollar against pound sterling (2014: 10%) | **(29)** | (28) |
| 10% strengthening in US dollar against pound sterling (2014: 10%) | **36** | 35 |
| 10% weakening in Euro against pound sterling (2014: 10%) | **(46)** | (48) |
| 10% strengthening in Euro against pound sterling (2014: 10%) | **57** | 58 |
| 10% weakening in AUS dollar against pound sterling (2014: 10%) | **–** | – |
| 10% strengthening in AUS dollar against pound sterling (2014: 10%) | **–** | – |
| 10% weakening in INR against pound sterling (2014: 10%) | **–** | – |
| 10% strengthening in INR against pound sterling (2014: 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 income 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 16.

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.

### c) Liquidity risk

The Directors do not consider that the Group currently has a significant exposure to liquidity risk, as the Group has limited borrowing and has sufficient cash deposits to meet its debts as they fall due for the foreseeable future.

Cash flow budgets and forecasts are prepared by the operating entities of the Group, aggregated for the Group and regularly reviewed by the Board, and the actual cash position of the Group and each entity is compared monthly against budget. This allows management to ensure that each operating entity and the Group have sufficient cash to meet operational needs. Surplus cash held by the operating entities over and above the balance required for working capital management is invested in interest bearing accounts and money market deposits.

The Group has an unsecured revolving credit facility with Lloyds Bank plc. At 28 February 2015 the Group had drawn down £2.5 million of this facility with £13 million of undrawn borrowing facilities (2014: £12 million) available. This comprised of a £13.5 million committed revolving loan facility and a £2 million overdraft. The overdraft facility is available until November 2015 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 and other payables as shown above. Apart from the identified other payables due after one year and the contingent consideration of £439,000 due after one year (see note 19), all other financial liabilities are due within one year.

## 24. Operating leases

At 28 February 2015 the Group had the following outstanding commitments under non-cancellable operating leases:

| | **28 February 2015 £'000** | 28 February 2014 £'000 |
|---|---|---|
| Within one year | **1,322** | 1,238 |
| Later than one year and less than five years | **5,529** | 4,989 |
| After more than five years | **3,394** | 4,555 |
| **Total** | **10,245** | 10,782 |

The operating leases represent rentals payable by the Group for certain office properties, vehicles and equipment. The lease at the headquarters in Bedford Square is for a period of twenty 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 operating leases over equipment are in respect of office equipment.

## 25. Commitments and contingent liabilities

### a) Capital commitments

The Group has no capital commitments relating to property, plant and equipment at the year end (2014: no commitments)

### b) Other commitments

The Group is committed to paying royalty advances to authors in subsequent financial years. At 28 February 2015 this commitment amounted to £14,315,000 (2014: £15,251,000).

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 27. Investments in subsidiary companies

The principle subsidiary companies at 28 February 2015 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 |
| Osprey 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 |
| Shire Publishing Limited | England and Wales | 100% | Publishing |
| British Wildlife Publishing Limited | England and Wales | 100% | Publishing |
| The Continuum International Publishing Group Inc | USA | 100% | Publishing |
| Osprey Publishing Inc | USA | 100% | Publishing |
| Bloomsbury Publishing India Private Limited | India | 100% | Publishing |

All subsidiary undertakings are included in the consolidation.

For the year ended 28 February 2015 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 full list of subsidiary undertakings at 28 February 2015 will be annexed to the Company's next annual return filed at Companies House in accordance with section 410 of the Companies Act 2006.

# COMPANY STATEMENT OF FINANCIAL POSITION

## AS AT 28 FEBRUARY 2015 COMPANY NUMBER 1984336

| | Notes | 28 February 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|---|
| **Assets** | | | |
| Intangible assets | 30 | **1,956** | 1,869 |
| Property, plant and equipment | 31 | **2,245** | 2,494 |
| Investments in subsidiary companies | 32 | **65,595** | 60,949 |
| Deferred tax assets | 33 | **73** | 362 |
| Trade and other receivables | 35 | **11,806** | 11,593 |
| **Total non-current assets** | | **81,675** | 77,267 |
| Inventories | 34 | **3,908** | 4,508 |
| Trade and other receivables | 35 | **48,450** | 43,842 |
| Cash and cash equivalents | | **6,139** | 5,085 |
| **Total current assets** | | **58,497** | 53,435 |
| **Total assets** | | **140,172** | 130,702 |
| **Liabilities** | | | |
| Deferred tax liabilities | 33 | **–** | 152 |
| Provisions | 38 | **20** | 20 |
| Other payables | 36 | **886** | 566 |
| **Total non-current liabilities** | | **906** | 738 |
| Trade and other payables | 36 | **50,656** | 42,685 |
| Loans and borrowings | 37 | **2,500** | – |
| Current tax liabilities | | **698** | 1,019 |
| Provisions | 38 | **–** | 500 |
| **Total current liabilities** | | **53,854** | 44,204 |
| **Total liabilities** | | **54,760** | 44,942 |
| **Net assets** | | **85,412** | 85,760 |
| **Equity** | | | |
| Share capital | 39 | **938** | 924 |
| Share premium | | **39,388** | 39,388 |
| Other reserves | 39 | **6,394** | 4,604 |
| Retained earnings | 39 | **38,692** | 40,844 |
| **Total equity attributable to owners of the Company** | | **85,412** | 85,760 |

The Company financial statements were approved by the Board of Directors and authorised for issue on 15 June 2015.

***J N Newton***
Director

***W Pallot***
Director

# COMPANY STATEMENT OF CHANGES IN EQUITY

## ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

| | Share Capital £'000 | Share premium £'000 | Merger reserve £'000 | Capital redemption reserve £'000 | Share-based payment reserve £'000 | Retained earnings £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| **At 28 February 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** |
| **Profit for the year and total comprehensive income for the year** | – | – | – | – | – | 2,130 | 2,130 |
| **Transactions with owners** | | | | | | | |
| Shares issued in the year | 14 | – | 1,386 | – | – | (3) | 1,397 |
| Dividends to equity holders of the Company | – | – | – | – | – | (4,276) | (4,276) |
| Share options exercised | – | – | – | – | – | 115 | 115 |
| Deferred tax on share-based payment transactions | – | – | – | – | – | (118) | (118) |
| Share-based payment transactions | – | – | – | – | 404 | – | 404 |
| **Total transactions with owners of the Company** | **14** | **–** | **1,386** | **–** | **404** | **(4,282)** | **(2,478)** |
| **At 28 February 2015** | **938** | **39,388** | **1,386** | **22** | **4,986** | **38,692** | **85,412** |

# COMPANY STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 28 FEBRUARY 2015

| | Year ended 28 February 2015 £'000 | Year ended 28 February 2014 £'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before tax | 3,012 | 5,411 |
| Finance income | (55) | (77) |
| Finance costs | 68 | 46 |
| Operating profit | 3,025 | 5,380 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 458 | 434 |
| Amortisation of intangible assets | 732 | 612 |
| Share-based payment charges | 174 | 238 |
| | 4,389 | 6,664 |
| Decrease/(increase) in inventories | 600 | (338) |
| Increase in trade and other receivables | (4,161) | (5,811) |
| Increase in trade and other payables | 8,903 | 7,991 |
| **Cash generated from operations** | 9,731 | 8,506 |
| Income taxes paid | (1,197) | (734) |
| **Net cash generated from operating activities** | 8,534 | 7,772 |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | (209) | (164) |
| Purchase of businesses | (4,345) | (6,798) |
| Purchases of intangible assets | (1,252) | (465) |
| Interest received | 55 | 77 |
| **Net cash used in investing activities** | (5,751) | (7,350) |
| **Cash flows from financing activities** | | |
| Equity dividends paid | (4,276) | (4,041) |
| Proceeds from exercise of share options | 115 | – |
| Drawdown of borrowings | 2,500 | – |
| Interest paid | (68) | (46) |
| **Net cash used in financing activities** | (1,729) | (4,087) |
| **Net increase/(decrease) in cash and cash equivalents** | 1,054 | (3,665) |
| Cash and cash equivalents at beginning of year | 5,085 | 8,750 |
| **Cash and cash equivalents at end of year** | 6,139 | 5,085 |

# 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 149. 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 2016, 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 £2,130,000 (2014: £4,705,000).

**c) Use of estimates and judgments**

The preparation of the Company financial statements requires management to make judgments, 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 judgments and areas where the use of estimates is significant are disclosed in note 2w) 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 2015 and have not had a material impact on the Company financial statements:

- Amendments to IAS 39, 'Novation of Derivatives and Continuation of Hedge Accounting', effective for annual reporting periods beginning on or after 1 January 2014. The amendments mean there would be no need to discontinue hedge accounting if a hedge derivative was novated and certain criteria met.

- Amendments to IAS 32, 'Financial Instruments: Presentation', effective for annual reporting periods beginning on or after 1 January 2014. The amendments clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

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.

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

**e) Investment in subsidiaries**

Investments in subsidiaries are recorded at cost less accumulated impairment in the statement of financial position. Investments are reviewed at each reporting date to assess whether there are any indicators of impairment. Any impairment losses are recognised in the income statement in the year they occur.

**f) Share-based payments**

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

Options granted under the Company's 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.

Awards granted under the Company's Share Option Plan are equity settled. The award is subject to an Adjusted Earnings Per Share growth performance condition. The fair value of this award is calculated using the Black-Scholes model.

The Company recharges a share of the share-based payment charge to subsidiaries. This recharge is made via intercompany transactions.

## 30. Intangible assets

| | Publishing rights £'000 | Systems development £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| At 28 February 2013 | 660 | 2,250 | 2,910 |
| Additions | – | 465 | 465 |
| At 28 February 2014 | 660 | 2,715 | 3,375 |
| Additions | – | 819 | 819 |
| **At 28 February 2015** | **660** | **3,534** | **4,194** |
| **Amortisation** | | | |
| At 28 February 2013 | 308 | 586 | 894 |
| Charge for the year | 132 | 480 | 612 |
| At 28 February 2014 | 440 | 1,066 | 1,506 |
| Charge for the year | 132 | 600 | 732 |
| **At 28 February 2015** | **572** | **1,666** | **2,238** |
| **Net book value** | | | |
| **At 28 February 2015** | **88** | **1,868** | **1,956** |
| At 28 February 2014 | 220 | 1,649 | 1,869 |

The amortisation charge of £732,000 (2014: £612,000) was included in administrative expenses in the year.

## 31. Property, plant and equipment

| | Short leasehold improvements £'000 | Furniture and fittings £'000 | Computers and other office equipment £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| 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 |
| Additions | 4 | 13 | 193 | 210 |
| **At 28 February 2015** | **2,644** | **402** | **1,079** | **4,125** |
| **Depreciation** | | | | |
| 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 |
| Charge for the year | 272 | 31 | 156 | 459 |
| **At 28 February 2015** | **931** | **276** | **673** | **1,880** |
| **Net book value** | | | | |
| **At 28 February 2015** | **1,713** | **126** | **406** | **2,245** |
| At 28 February 2014 | 1,981 | 144 | 369 | 2,494 |

The depreciation charge of £459,000 (2014: £434,000) was included in administrative expenses.

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

## 32. Investment in subsidiary companies

| | £'000 |
|---|---|
| **Cost** | |
| At 28 February 2014 | 70,391 |
| Additions | 4,646 |
| **At 28 February 2015** | **75,037** |
| | |
| **Impairment** | |
| **At 28 February 2014 and 28 February 2015** | **9,442** |
| | |
| **Net book value** | |
| **At 28 February 2015** | **65,595** |
| **At 28 February 2014** | 60,949 |

The additions in the financial year ending 28 February 2015 represent the investment in Osprey Publishing Limited, see note 9. 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 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 |
| Credit/(charge) to the income statement | 53 | 5 | (77) | (19) |
| Charge to equity | – | – | (118) | (118) |
| **At 28 February 2015** | **(99)** | **20** | **152** | **73** |

The analysis for financial reporting purposes is as follows:

| | **28 February 2015 £'000** | 28 February 2014 £'000 |
|---|---|---|
| Deferred tax assets | **73** | 362 |
| Deferred tax liabilities | **–** | (152) |
| **Total** | **73** | 210 |

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.

## 34. Inventories

| | 28 February 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| Work in progress | 710 | 1,501 |
| Finished goods for resale | 3,198 | 3,007 |
| **Total** | **3,908** | 4,508 |

The cost of inventories recognised as cost of sales amounted to £7,667,000 (2014: £8,005,000).

The provision and write down of inventories to net realisable value recognised in cost of sales amounted to £1,201,000 (2014: £1,129,000).

## 35. Trade and other receivables

| | 28 February 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| **Non-current** | | |
| Amounts owed by group undertakings | 11,806 | 11,593 |
| | | |
| **Current** | | |
| Gross trade receivables | 23,710 | 20,606 |
| Less provision for impairment of receivables | (592) | (479) |
| Less provision for returns | (2,219) | (1,503) |
| Net trade receivables | 20,899 | 18,624 |
| Amounts owed by group undertakings | 10,911 | 8,599 |
| Other receivables | 2,051 | 3,123 |
| Prepayments and accrued income | 14,589 | 13,496 |
| **Total current receivables** | **48,450** | 43,842 |
| **Total trade and other receivables** | **60,256** | 55,435 |

Non-current amounts owed by group undertakings represent loan balances due from subsidiary companies. These loans are technically repayable on demand however there is no intention to demand repayment of the loans within the next twelve months. As at 28 February 2015 £2,594,000 (2014: £2,001,000) 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 to their fair values. The Company's exposure to credit and currency risks is disclosed in note 41. 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 232 days (2014: 199 days).

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

Movements on the Company's provision for impairment of trade receivables are as follows:

| | 28 February 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| At start of year | 479 | 596 |
| Amounts released | – | (44) |
| Amounts utilised | (210) | (286) |
| Amounts created | 323 | 213 |
| **At end of year** | 592 | 479 |

Movements on the Company provision for book returns are as follows:

| | 28 February 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| At start of year | 1,503 | 1,658 |
| Amounts utilised | (5,490) | (5,273) |
| Amounts created | 6,206 | 5,118 |
| **At end of year** | 2,219 | 1,503 |

If actual returns were 10% higher/lower in the year then revenue would have been £0.5 million lower/higher.

## 36. Trade and other payables

| | 28 February 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| **Non-current** | | |
| Other payables | 886 | 566 |
| | | |
| **Current** | | |
| Trade payables | 6,562 | 6,500 |
| Amounts owed to group undertakings | 34,488 | 26,494 |
| Taxation and social security | 499 | 503 |
| Other payables | 1,040 | 1,097 |
| Accruals and deferred income | 8,067 | 8,091 |
| **Total current trade and other payables** | 50,656 | 42,685 |
| **Total trade and other payables** | 51,542 | 43,251 |

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.

## 37. Loans and borrowings

| | 28 February 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| **Current** | | |
| Unsecured bank loans | 2,500 | – |

Information about the Company's exposure to interest rate, foreign currency and liquidity risk is included in note 41.

The secured bank loans are denominated in GBP, bear an interest rate of LIBOR plus 1.45% and mature in 2015.

## 38. Provisions

| | Property £'000 | Contingent consideration £'000 | Total £'000 |
|---|---|---|---|
| At 1 March 2014 | 20 | 500 | 520 |
| Utilised in the year | – | (500) | (500) |
| **At 28 February 2015** | **20** | **–** | **20** |
| Non-current | 20 | – | 20 |
| Current | – | – | – |

The property provision is in respect of dilapidations for the Bedford Square head office.

The Hart acquisition's contingent consideration of £0.5 million was paid in the year.

## 39. Share capital and other reserves

For details of share capital, merger reserve, 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.

## 40. 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 2015 £'000 | Year ended 28 February 2014 £'000 |
|---|---|---|
| Equity settled share-based transactions | 404 | 597 |
| Cash settled share-based transactions | 92 | 89 |
| **Total** | **496** | 686 |

£322,000 (2014: £448,000) of this amount was recharged to subsidiaries of the Company.

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

## 41. 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 | **Year ended 28 February 2015 £'000** | Year ended 28 February 2014 £'000 |
|---|---|---|---|
| Loans and receivables | | | |
| Cash and cash equivalents | | **6,139** | 5,085 |
| Amounts owed by group undertakings | 35 | **22,717** | 20,192 |
| Trade receivables | 35 | **20,899** | 18,624 |
| Accrued income | | **690** | 520 |
| Rights income receivable | | **1,690** | 1,379 |
| Total loans and receivables | | **52,135** | 45,800 |
| Financial liabilities measured at amortised cost | | | |
| Trade payables | 36 | **6,562** | 6,500 |
| Accruals | | **7,823** | 7,933 |
| Other payables | | **1,539** | 1,600 |
| Amounts owed to group undertakings | 36 | **34,488** | 26,494 |
| Other payables due in more than one year | 36 | **886** | 566 |
| Overdrafts and current loans | 37 | **2,500** | – |
| Total financial liabilities measured at amortised cost | | **53,798** | 43,093 |
| Financial liabilities measured at fair value | | | |
| Contingent consideration | 38 | **–** | 500 |
| Total financial liabilities measured at fair value | | **–** | 500 |
| Net financial instruments | | **(1,663)** | 2,207 |

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 2015 £'000** | 28 February 2014 £'000 |
|---|---|---|
| Variable rate financial assets | **6,139** | 5,085 |

**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 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| Impact on profit and equity | | |
| 1% increase in base rate of interest (2014: 1%) | 61 | 51 |
| 0.5% decrease in base rate of interest (2014: 0.5%) | (31) | (25) |

*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 2015 £'000 | 28 February 2014 £'000 | 28 February 2015 £'000 | 28 February 2014 £'000 |
| GBP | 49,289 | 43,104 | 51,744 | 41,692 |
| USD | 1,770 | 1,652 | 1,488 | 1,383 |
| EURO | 1,071 | 1,039 | 562 | 513 |
| AUD | 5 | 5 | 4 | 5 |
| Total | 52,135 | 45,800 | 53,798 | 43,593 |

**Foreign currency sensitivity analysis**

The Company derived the following sensitivities based on the outstanding foreign currency denominated financial assets and liabilities at the year end.

The use of a 10% sensitivity rate has been determined based on the effect of the market volatility in exchange rates between the current and previous year end, and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit or loss and equity.

| | 28 February 2015 £'000 | 28 February 2014 £'000 |
|---|---|---|
| Impact on profit or loss and equity | | |
| 10% weakening in US dollar against pound sterling (2014: 10%) | (26) | (24) |
| 10% strengthening in US dollar against pound sterling (2014: 10%) | 32 | 30 |
| 10% weakening in Euro against pound sterling (2014: 10%) | (46) | (47) |
| 10% strengthening in Euro against pound sterling (2014: 10%) | 57 | 58 |
| 10% weakening in AUS dollar against pound sterling (2014: 10%) | – | – |
| 10% strengthening in AUS dollar against pound sterling (2014: 10%) | 1 | – |

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

**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 2015 the Group had drawn down £2.5 million of this facility with £13 million of undrawn borrowing facilities (2014: £12 million) available. The facility comprises of a £13.5 million committed revolving loan facility and a £2 million overdraft. The overdraft facility is available until November 2015 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.

## 42. Operating Leases

At 28 February 2015 the Company had the following outstanding commitments under non-cancellable operating leases:

| | **28 February 2015 £'000** | 28 February 2014 £'000 |
|---|---|---|
| Within one year | **617** | 655 |
| Later than one year and less than five years | **2,373** | 2,397 |
| After more than five years | **494** | 1,087 |
| **Total** | **3,484** | 4,139 |

The operating leases represent rentals payable by the Company for certain office properties, vehicles and equipment, see note 24 for further details.

## 43. Commitments and contingent liabilities

### a) Capital commitments

The Group has no capital commitments relating to property, plant and equipment at the year end (2014: no commitments)

### b) Other commitments

The Company is committed to paying royalty advances in subsequent financial years. At 28 February 2015 this commitment amounted to £9,175,000 (2014: £8,940,000).

### 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 41c).

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.

## 44. Related Parties

**Trading transactions**

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

| | **28 February 2015 £'000** | 28 February 2014 £'000 |
|---|---|---|
| Sale of goods to subsidiaries | **3,907** | 3,151 |
| Management recharges | **8,974** | 8,562 |
| Commission payable to subsidiaries | **–** | 1 |
| Finance income from subsidiaries | **51** | 62 |
| Amounts owed by subsidiaries at year end | **22,717** | 20,192 |
| Amounts owed to subsidiaries at year end | **34,488** | 26,494 |

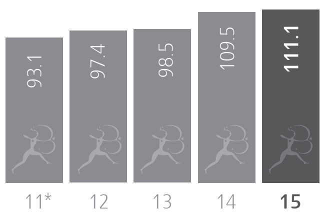
All amounts outstanding are unsecured and will be settled in cash. No provisions have been made for doubtful debts in respect of the amounts owed by subsidiaries.

Key management remuneration is disclosed in note 5.

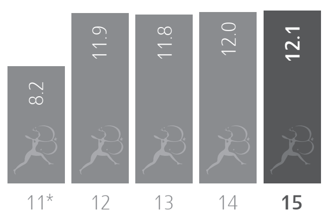
# FIVE YEAR FINANCIAL SUMMARY

| | 2011* £'000 | 2012 £'000 | 2013 £'000 | 2014 £'000 | **2015 £'000** |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Continuing | 93,144 | 97,399 | 98,479 | 109,496 | **111,125** |
| Discontinued | 10,254 | 5,818 | – | – | **–** |
| Total | 103,398 | 103,217 | 98,479 | 109,496 | **111,125** |
| **Adjusted profit†** | | | | | |
| Continuing | 8,237 | 11,876 | 11,806 | 11,954 | **12,079** |
| Discontinued | (597) | (2,692) | – | – | **–** |
| Total | 7,640 | 9,184 | 11,806 | 11,954 | **12,079** |
| **Continuing adjusted diluted EPS‡** | 8.89p | 12.95p | 12.17p | 12.80p | **14.73p** |
| **Dividend per share** | 5.00p | 5.20p | 5.50p | 5.82p | **6.10p** |
| **Net assets** | 111,844 | 109,180 | 114,808 | 116,036 | **124,154** |
| **Net cash** | 36,876 | 12,639 | 14,625 | 10,037 | **10,021** |

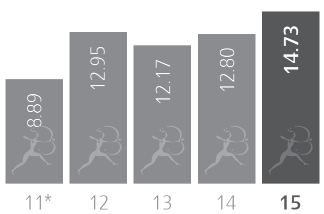
## Continuing revenue
£m



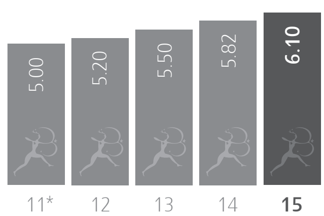

## Continuing adjusted profit†
£m




## Continuing adjusted diluted EPS‡
Pence




## Dividend per share
Pence




* 2011 is in respect of the 14 month period ended 28 February 2011. All other periods are for the year ended February.

† Adjusted profit is profit before taxation, amortisation of acquired intangible assets, impairment of goodwill and other highlighted items. Prior years have been restated to add back internally generated intangible asset amortisation to continuing adjusted profit.

‡ Continuing adjusted diluted EPS is calculated from continuing adjusted profit with tax on continuing adjusted profit deducted. Again the prior years have been restated to reflect the change in treatment of internally generated intangible asset amortisation.

# COMPANY INFORMATION

| | |
|---|---|
| **Chairman** | Sir Anthony Salz – Independent Non-Executive Chairman |
| **Executive Directors** | Nigel Newton – Founder and Chief Executive<br>Richard Charkin – Executive Director<br>Wendy Pallot – Finance Director |
| **Independent Non-Executive Directors** | Ian Cormack – Senior Independent Director<br>Jill Jones<br>Stephen Page |
| **Company Secretary** | Michael Daykin FCIS, FCA |
| **Registered Office** | 50 Bedford Square<br>London<br>WC1B 3DP<br>020 7631 5600 |
| **Registered number** | 01984336 (England & Wales) |
| **Auditor** | KPMG LLP<br>15 Canada Square<br>London<br>E14 5GL |
| **Bankers** | Lloyds Bank<br>25 Gresham Street<br>London<br>EC2V 7HN |
| **Stockbrokers and Financial Advisers** | Investec Investment Banking<br>2 Gresham Street<br>London<br>EC2V 7QP |
| **Registrars** | Capita Asset Services<br>40 Dukes Place<br>London<br>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 2015 Annual General Meeting ("AGM") of Bloomsbury Publishing Plc (the "Company") is to be held at 50 Bedford Square, London WC1B 3DP on Thursday 23 July 2015 at 12 noon. The formal notice convening the AGM is set out on pages 153 to 156 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 7 will be proposed as ordinary resolutions and resolutions 8 and 9 will be proposed as special resolutions.

As at 12 noon on the date of this notice, the Company's issued share capital comprised 75,003,734 Ordinary Shares of 1.25 pence each (subject to any changes that will be notified to you at the beginning of the AGM). Each Ordinary Share carries the right to one vote at a General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 12 noon on the date of this notice is 75,003,734.

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 provided to you. Completing the Form of Proxy will not prohibit Shareholders from attending, and voting at, the AGM in person.

## The Ordinary Business to be proposed at the 2015 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 2015, together with the report of the auditors.

**Resolutions 2 (ordinary resolution) – Annual Statement by the Chairman of the Remuneration Committee and Annual Report on Directors' Remuneration**

To approve the Annual Statement by the Chairman of the Remuneration Committee and Annual Report on Directors' Remuneration as set out on pages on pages 65 to 66 and 73 to 82 respectively of the 2015 Annual Report and Accounts (for the year ended 28 February 2015).

The Directors' Remuneration Policy Report, as set out in the first part of the Directors' Remuneration Report on pages 66 to 72 of the 2014 Annual Report and Accounts, was last approved by the shareholders at the AGM on 22 July 2014 and remains effective for up to three years.

**Resolutions 3 (ordinary resolution) – Final Dividend**
The Board proposes a final dividend of 5.08p per share for the year ended 28 February 2015. If approved, the recommended final dividend will be paid on 23 September 2015 to all shareholders who are on the register of members on 28 August 2015. 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 £3.8 million making approximately £4.5 million for the interim and final dividend together.

**Resolution 4 (ordinary resolutions) – Re-election of a Director**
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. Wendy Pallot (who was last re-appointed as a Director at the Annual General Meeting of the Company held in 2013) will retire at the AGM and, being eligible, offers herself for re-appointment. The Board has considered the appraisal of the performance of Wendy Pallot and recommends she is reappointed.

Ian Cormack will retire as a Director at the conclusion of the AGM and will not stand for re-election.

**Resolutions 5 (ordinary resolution) – Re-appointment of the auditor**
The Board recommends that the incumbent external auditor, KPMG LLP, be re-appointed for a further year so that they are able to audit the Company's report and accounts for the year ending 29 February 2016.

**Resolutions 6 (ordinary resolution) – Remuneration of the auditor**
The Board proposes that it be authorised to determine the level of the auditors' remuneration.

## Special Business to be proposed at the Annual General Meeting

**Resolution 7 (ordinary resolution) – Authority to allot Ordinary Shares**
This replaces the general authority, last given at the 2014 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 24,998,744 Ordinary Shares of 1.25 pence with a nominal value of £312,484 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 this authority granted by this resolution. 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 2015 Annual Report, the Directors had beneficial holdings of Ordinary Shares in the Company which in aggregate amounted to approximately 2.2% of the Ordinary Shares in issue. The Directors have been granted conditional share awards under the Bloomsbury Publishing Plc Performance Share Plan 2005 and Bloomsbury Publishing Plc 2014 Performance Share Plan 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 a further 2.1% of the Ordinary Shares in issue.

**Resolution 8 (special resolution) – Disapplication of statutory pre-emption provisions**
This resolution authorises the Directors to allot new 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 £46,877 or 3,750,186 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 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.

# EXPLANATION OF THE ANNUAL GENERAL MEETING

**Resolution 9 (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 7,500,373 Ordinary Shares of 1.25 pence with a nominal value of £93,754, 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).

**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 9 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**
Group Company Secretary
Bloomsbury Publishing Plc
15 June 2015

# 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 23 July 2015 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 2015, 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 2015, as set out on pages 65 to 66 and 73 to 82 respectively of the Company's Annual Report and Accounts for the year ended 28 February 2015.
3. To declare a final dividend of 5.08p per ordinary share.
4. To re-elect Wendy Pallot as a Director of the Company.
5. To resolve that KPMG LLP be and is hereby re-appointed auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which financial statements for the Company are laid before the Company.
6. 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 resolution 7 will be proposed as an ordinary resolution and resolutions 8 and 9 will be proposed as special resolutions.

7. THAT:

a) the Directors be generally and unconditionally authorised pursuant to section 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 £312,484 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.

# NOTICE OF ANNUAL GENERAL MEETING BLOOMSBURY PUBLISHING PLC

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

a) the Directors be granted power pursuant to section 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 7 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 £46,877;

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.

**9.** 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 7,500,373 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.

Dated 15 June 2015

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/ her 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/ her from attending the Annual General Meeting and voting in person if he/ she should subsequently decide to do so.

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

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

5. Shareholders included on the register of members (in relation to Ordinary Shares held in CREST, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001) at 6 pm on 20 July 2015 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.

# NOTICE OF ANNUAL GENERAL MEETING BLOOMSBURY PUBLISHING PLC

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 accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the 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; and
    - the terms of reference of the Audit Committee, the Remuneration Committee and Nomination Committee of the Board.

Bloomsbury Publishing Plc
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Stock code: BMY