



BLOOMSBURY PUBLISHING PLC

ANNUAL REPORT AND ACCOUNTS 2013

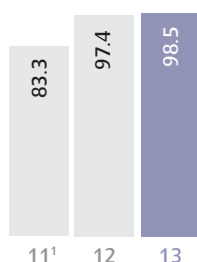
B L O O M S B U R Y

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

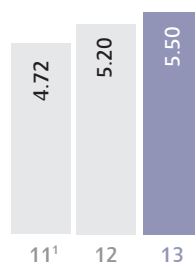


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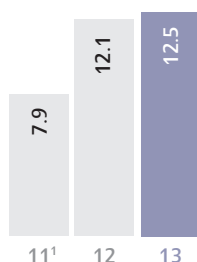
Continuing revenue £m



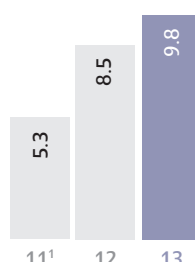
Total dividend pence



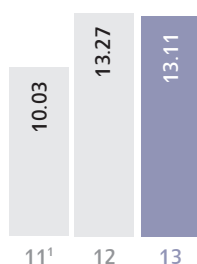
Continuing adjusted profit² £m



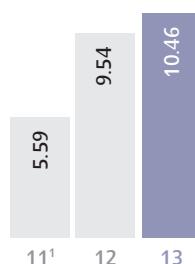
Continuing profit before tax £m



Continuing adjusted diluted EPS³ pence



Continuing diluted EPS pence



Notes

¹ 2011 is in respect of the unaudited 12 month period ended 28 February 2011. 2012 and 2013 are in respect of the years ended 29 February 2012 and 28 February 2013. The 2011 comparatives have been restated for the classification of Bloomsbury Verlag GmbH as a discontinued operation.

² Continuing adjusted profit is continuing profit before taxation, amortisation of intangible assets, impairment of goodwill and other highlighted items.

³ Continuing adjusted diluted EPS is calculated from continuing adjusted profit with tax normalised.

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HIGHLIGHTS

“This is an excellent performance. Bloomsbury’s core attributes of entrepreneurship, innovation, publicity flair and tight control of costs have led to the delivery of One Global Bloomsbury and the future performance we have now set the stage for as we enjoy the synergies and sales advantages of having delivered a unified worldwide publishing group. In our strategy for growth we are targeting 50% of profit to be digital within five years, with Bloomsbury being the number one applied visual arts and independent humanities and social science publisher in Europe. Over that time we aim to be the number one publisher of choice in cookery, sport and natural history, with an Information division which has a global base delivering increasing revenues from digital knowledge hubs.

We start the year with a very strong programme led by the publication of *And the Mountains Echoed* by bestselling author Khaled Hosseini”

Nigel Newton Chief Executive

Financial highlights

The highlights for the year ended 28 February 2013 include:

- ★ Continuing[†] profit before tax and highlighted[‡] items up 3% to £12.5 million (2012: £12.1 million)
- ★ Continuing[†] profit before tax up 16% to £9.8 million (2012: £8.5 million)
- ★ Continuing[†] revenue up 1% to £98.5 million (2012: £97.4 million)
- ★ Total dividend increased by 5.8% to 5.50 pence per share (2012: 5.20 pence per share)
- ★ Net cash increased to £14.6 million (2012: £12.6 million)

Operating highlights

Academic & Professional business fulfilling promise

- ★ Successful development of academic list integrated with trade
- ★ Voted Academic, Educational and Professional Publisher of the Year at the Bookseller Industry Awards
- ★ Bloomsbury Academic & Professional voted Publisher of the Year by the Independent Publishers Guild
- ★ Now generates 29% of continuing Group revenue (2012: 24%)
- ★ Acquisitions of Fairchild Books and Applied Visual Arts Publishing

Digital sales continuing to flourish

- ★ Huge e-book growth with sales increasing by 61% to £9.1 million (2012: £5.7 million)
- ★ Innovative online knowledge hubs including The Churchill Archive and Drama Online

Bestsellers across the Group

- ★ Strong performance from portfolio of high quality cookery books, including Paul Hollywood’s *How to Bake* and *Bread*, Russell Norman’s *Polpo*, and significant sales from established authors including Hugh Fearnley-Whittingstall, Heston Blumenthal, Raymond Blanc and many more
- ★ In the Children’s & Educational division, highlights included *Hogwart’s Library* by JK Rowling, *Princess Academy: Palace of Stone* by Shannon Hale, *Throne of Glass* by Sarah J Maas and *Steve Jobs* by Karen Blumenthal

Major potential bestsellers for 2013 in Adult division

- ★ *And the Mountains Echoed* by Khaled Hosseini
- ★ *The Signature of All Things* by Elizabeth Gilbert
- ★ *The Bone Season* by Samantha Shannon
- ★ *MasterChef: the finalists*

[†] Continuing revenue and profit excludes Bloomsbury’s former German subsidiary, Bloomsbury Verlag GmbH, which was sold on 28 February 2012, and which was treated as discontinued in the 2012 financial statements.

[‡] Highlighted items comprises amortisation of intangible assets, professional fees on acquisitions, relocation of headquarters, restructuring costs, business set up costs and a gain on bargain purchase price.

CHAIRMAN'S STATEMENT

“Digitally-distributed sales at Bloomsbury are up by 71%. The Group’s cash has been deployed in acquisitions which have sustained dividend growth at a compound annual rate of 7% over the past 6 years. Bloomsbury has no net debt. And Bloomsbury businesses continue to develop in the growth economies of India and the Middle East.”

Jeremy Wilson Chairman

Bloomsbury’s robust performance over the past year has been achieved enjoying the new advantages and benefits of the digital revolution.

The Chief Executive’s Report which follows this Chairman’s Statement provides detailed commentary on a publishing company addressing, in all aspects of its strategy, the opportunities and risks which these conditions present. That strategy, largely set in 2008, continues to develop. Despite the economic back-cloth throughout that period, it has led to steady growth in a company undergoing a fundamental transformation in its business model. The intention is to continue along this path, sharing the weight of traditional trade publishing with non-trade activity (the latter now accounts for 61% of the Group’s operating profit and 33% of its revenue) and driving new propositions, improved customer service, efficiency, and profit out of the digital opportunity.

Digitally-distributed sales at Bloomsbury are up by 71%. E-book sales of £9.1 million now represent 9% of total Group revenue. The Group’s cash, in a world where interest rates have been sedated by central bank policy, has been deployed – but not exhausted – in acquisitions which have sustained dividend growth at a compound annual rate of 7% over the past 6 years. Bloomsbury has no debt and the Group’s businesses continue to develop in the growth economies of India and the Middle East.

Strategy execution does not happen by accident. The relentless drive and strong leadership of the Chief Executive and Founder, the skill, competence and experience of the Executive Directors and the Executive Committee, the commitment and dedication of every member of a group expanded and enhanced by acquisitions, and the external perspective, wise counsel and strategic sign-posting provided by the Non-Executive Directors, has been central to delivering this performance.

The Board recognises their contribution. On behalf of all those stakeholders whose interests it represents, it offers its sincere and grateful thanks.

Jeremy Wilson
Independent Non-Executive Chairman
12 June 2013



Reception of the new New Delhi publishing office & the India launch event in September 2012.



Times Square from the new New York office & the new Sydney office.



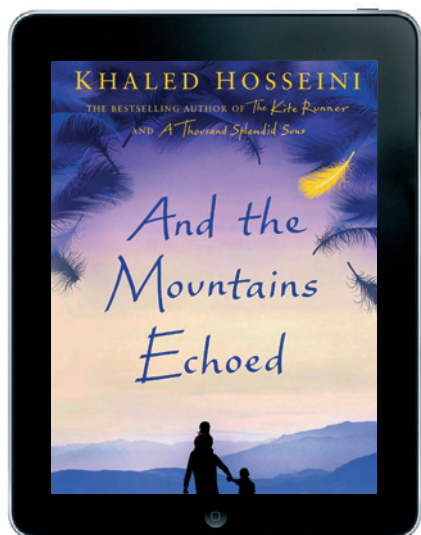
Bloomsbury’s London office.

CHIEF EXECUTIVE'S REVIEW

“Bloomsbury has succeeded in developing itself into a wholly integrated trade and academic publisher in the major markets around the world. We are now recognised as one of the finest publishers of both general and academic books. This is an early delivery of our strategic vision for One Global Bloomsbury, integrating our operations in trade and academic publishing in Britain, America, Australia and India.”



Nigel Newton
Chief Executive



Overview

The Group delivered an excellent performance for the year with growth in both revenue and profits. Continuing profit before tax and highlighted items for the year of £12.5 million was up 3% on the year ended 29 February 2012 of £12.1 million. Continuing profit before tax was £9.8 million, up 16% on the year ended 29 February 2012 of £8.5 million. Continuing revenue was up 1% to £98.5 million (2011/12: £97.4 million).

Bloomsbury has succeeded in developing itself into a wholly integrated trade and academic publisher in the major markets around the world. We are now recognised as one of the finest publishers of both general and academic books. This is an early delivery of our strategic vision for One Global Bloomsbury, integrating our operations in trade and academic publishing in Britain, America, Australia and India. In May, we were voted Academic, Educational and Professional Publisher of the Year at the Bookseller Industry Awards. In March, the Independent Publishers Guild voted Bloomsbury's Academic & Professional division Independent Publisher of the Year. Both are notable achievements less than five years after we launched our academic division. We beat even the university presses, established hundreds of years ago, to these awards this year. The power of the Bloomsbury brand resonates and crosses over from our trade bestsellers to attract academic authors as the whole brand becomes stronger than the sum of its parts due to successful brand initiatives like our public engagement programme The Bloomsbury Institute. The judges singled out the power of our brand.

During the year, our trade authors have also been singled out for exceptional recognition, with extra sales being driven as a result of short-listings for major prizes including the Man Booker Prize and winning the Orange Prize. In 2012 we made the title acquisitions which will underpin what should be a very strong 2013/14 in the Adult division as we publish a wide range of bestsellers from Paul Hollywood's *Bread* (which reached number 1 in The Times Bestseller List) to Khaled Hosseini's stunning *And the Mountains Echoed* which was published in May following his bestseller *The Kite Runner*, to Elizabeth Gilbert's masterpiece *The Signature of All Things* and Samantha Shannon's remarkable first novel *The Bone Season*, both published in October. Our Adult division's strength in cookery publishing, which saw us win Waterstone's Book of The Year in December with *Polpo*, will increase in 2013 with the first publication in the new partnership with MasterChef.

Worldwide Trade E-books Best Sellers 2012/13

1. **Waiting for Sunrise**

by William Boyd



2. **Song of Achilles**

by Madeline Miller



3. **Kitchen Confidential**

by Anthony Bourdain



4. **My Horizontal Life**

by Chelsea Handler



5. **Mrs Robinson's Disgrace**

by Kate Summerscale



6. **Canada**

by Richard Ford



7. **Double Cross**

by Ben Macintyre



8. **Salvage the Bones**

by Jesmyn Ward



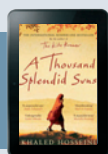
9. **Kite Runner**

by Khaled Hosseini



10. **A Thousand Splendid Suns**

by Khaled Hosseini



Worldwide Trade (Print & E-books) Best Sellers 2012/13

1. **How to Bake**

by Paul Hollywood



2. **Three Good Things**

by Hugh Fearnley-Whittingstall



3. **Harry Potter box sets**

by J.K. Rowling



4. **River Cottage Veg**

by Hugh Fearnley-Whittingstall



5. **Waiting for Sunrise**

by William Boyd



6. **Heston at Home**

by Heston Blumenthal



7. **Double Cross**

by Ben Macintyre



8. **Song of Achilles**

by Madeline Miller



9. **Wisden Cricketers Almanack 2012**

by Lawrence Booth



10. **Return of a King**

by William Dalrymple



CHIEF EXECUTIVE'S REVIEW

We are doing this from a tightly controlled cost base with an intense drive for savings. During the year our print purchasing was put out to tender: buying as a Group for the first time since our numerous acquisitions, we have reduced our print expense having secured favourable volume-based deals from fewer suppliers. We have been cutting other costs in the business, with underlying administration costs being down by 1% year on year. This includes a tight control of Head Office expenditure – where our rent is only £28 per square foot. A further cost reduction plan has been implemented for 2013.

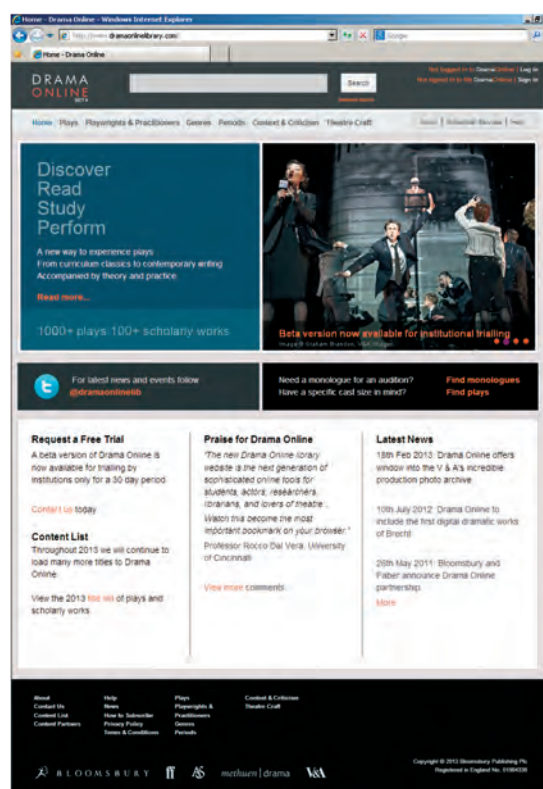
We are industry leaders in our digital strategy with a wide range of digital initiatives producing good returns. Our knowledge hub programme has made huge progress. We successfully launched the Churchill Archive in October 2012 and Drama Online in February 2013 both to praise and good early sales. The Churchill Archive was described by the judges of the Independent Publishers Guild's digital publishing award as 'a dynamite digital product' to which Bloomsbury 'has added stacks of value to the material'. The Churchill Centre has acquired access to the Churchill Archive from Bloomsbury for every secondary school in the USA, UK and Canada in a ground breaking initiative.

We made two academic acquisitions in the year, Fairchild Books and Applied Visual Arts Publishing. In the year ended 28 February 2013 our non-trade divisions accounted for 61% of the Group's operating profit before highlighted items and 33% of the revenue. We now have 20 publishing specialisations in our stable and are market leaders in subjects from the Classics and Drama to Fashion Studies, Theology and Continental Philosophy. The Independent Publishers Guild judges said, when giving Bloomsbury its award: "Judges singled out the division for the breadth of its academic and professional publishing and its clear vision for what it wishes to achieve. Even allowing for the resources at its disposal, they recognized a Group with a true entrepreneurial and independent spirit...It has used its money wisely and made everything work exceptionally well." The Booksellers Award judges said "Success has been due to organic growth and innovative business models – and it has completely redefined Bloomsbury as a publisher".

These acquisitions join the 18 other acquisitions made in recent years by Bloomsbury. They have enabled the Group to change the shape of its business, to exploit the potential in portfolios which adapt readily to the emerging digital-based business model and balance the transformation of its traditional trade business with the annuity income more possible in its new business structure.



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



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

Excluding acquisitions and the *Harry Potter* series (which had a strong previous year following the release of the final film in August 2011) title sales in the underlying business were up year on year. This performance was, importantly, achieved without dependence on any single runaway bestseller. This is a sign of strength in the Group as our portfolio broadens. Total title sales included digitally-distributed sales of £10.0 million, which saw excellent growth year on year of 71% from £5.9 million in 2011/12. Within this e-book sales continue to grow strongly, increasing by 61% to £9.1 million and now representing 9% of total Group revenue (2011/12: 6%) and 13% of the Adult revenue (2011/12: 9%). Increasing the number of available e-book titles is a key part of our strategy and we now have 9,000 titles, 1,000 more than a year ago.

Richard Mollet, Chief Executive of The Publishers Association, said: "The Publishers Association's Statistics Yearbook 2012 shows that British publishing is a healthy industry which continues to grow. The continued increase in digital sales across different disciplines illustrates the shift of readers to e-book reading. Such growth has been achieved as British publishers have been able to invest in new exciting, innovative products and in great authors thanks to the strong framework provided by copyright law, which continues to be the cornerstone of stability for a creative industry like publishing".

Bloomsbury's core attributes of entrepreneurship, innovation, publicity flair and tight control of costs have led to the delivery of One Global Bloomsbury, and the future performance we have now set the stage for as we enjoy the synergies and sales advantages of having delivered a unified worldwide publishing group. In our strategy for growth we are targeting 50% of profit to be digital within five years, with Bloomsbury being the number one applied visual arts and independent humanities and social science publisher in Europe. Over that time we aim to be the number one publisher of choice in cookery, sport and natural history, with an Information division which has a global base delivering increasing revenues from digital knowledge hubs.

Financial results

Group financial results are summarised in the table below.

Continuing revenue has increased by 1% to £98.5 million. The majority of our revenue derives from title sales, which were up by 3% year on year to £87.0 million. The mix within title sales is increasingly moving towards digital and away from print. Print sales fell by £1.9 million, 2%, to £77.0 million, but digital sales rose by £4.2 million, 71%, to £10.0 million, leading to a total title sales increase of £2.2 million. Rights and services revenue, which is primarily from copyright licensing, had another good performance with revenues of £11.5 million, £1.1 million down on the exceptional result in 2011/12 but significantly ahead of 2010/11.

Underlying revenue, which excludes the result of the two businesses we acquired during the year, Fairchild Books and Applied Visual Arts Publishing, was down by £4.9 million, 5% to £92.5 million, principally due to lower sales of *Harry Potter* titles in the absence of a new film. This was more than mitigated by the £6.0 million contribution to revenue from our new acquisitions in the year.

The continuing operating profit margin before highlighted items increased to 12.6%. In 2012/13 production, marketing and distribution costs were all a smaller percentage of sales than in 2011/12.

The launch of our Indian publishing business in New Delhi in August was a success. Its performance was better than anticipated, with a loss of £0.2 million, as a result of sales exceeding expectations including our first number one bestseller in India and rigorous cost control.

The academic acquisitions, the set-up of our business in India and other strategic initiatives have resulted in £0.3 million of costs which, together with intangible amortisation, are highlighted separately in the financial statements.

| | Year ended 28.2.13 £m | Year ended 29.2.12 £m | Increase year on year % |
|---|-----------------------------|-----------------------------|-------------------------------|
| Continuing results | | | |
| Profit before tax and highlighted items | 12.5 | 12.1 | 3% |
| Profit before tax | 9.8 | 8.5 | 16% |
| Revenue | 98.5 | 97.4 | 1% |

CHIEF EXECUTIVE'S REVIEW

Continuing diluted earnings per share, excluding highlighted items, were 13.11 pence, down from 13.27 pence in 2011/12 largely as a result of the tax credit from overseas losses in that year. Total continuing diluted earnings per share for the year were 10.46 pence, up from 9.54 pence in 2011/12.

The Group's net cash balance increased to £14.6 million at 28 February 2013 from £12.6 million at 29 February 2012. This movement includes £1.7 million outflow for acquisition investment and the receipt of £2.2 million for the disposal of Bloomsbury Verlag.

Divisional Review

Academic & Professional – fulfilling promise

Bloomsbury took a strategic decision in 2008 to build an academic and professional business that was not reliant on the UK retail sector. The commercial aim of the new division is to build a sustainable business that matches the combined revenue of our Trade divisions.

The division has built up a significant holding in humanities and social sciences publishing, with a vibrant and growing tax and law business. Its acquisitions include Methuen Drama, Berg Publishers, Tottel Publishing, Arden Shakespeare, Bristol Classical Press, Continuum International, Fairchild Books and Applied Visual Arts Publishing.

The combination of excellent title sales in the key UK and US markets, two further acquisitions and some longer-term licensing deals have meant that 2012/13 was a good year for the division, despite very strong 2011/12 comparatives.

The Academic & Professional division generated 29% of Group continuing revenue this year (2011/12: 24%) and 42% of the Group continuing operating profit before highlighted items (2011/12: 34%). Export revenues now account for half of divisional revenue, with a significant and growing proportion of revenues from e-books and digital, annuity-based services. The division's results are summarised below:



Bloomsbury Academic publishing has 20 publishing specialisations and are market leaders in Classics and Drama to Fashion Studies, Theology and Continental Philosophy.



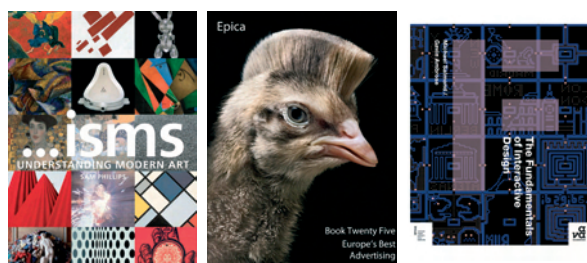
Bloomsbury Professional has a growing range of attractively priced online subscription services for tax, law and financial reporting. These complement the division's e-book and print titles for the professions.

| | Year ended 28.2.13 £m | Year ended 29.2.12 £m | Change Year on year £m | % change Year on year |
|--|-----------------------------|-----------------------------|------------------------------|--------------------------|
| Continuing operating profit before highlighted items | 5.2 | 4.1 | 1.1 | 26% |
| Underlying operating profit before highlighted items | 3.2 | 4.1 | (0.9) | (22%) |
| Continuing revenue | 29.0 | 23.1 | 5.9 | 26% |
| Underlying revenue* | 23.1 | 23.1 | — | — |
| Underlying title revenue* | 20.8 | 19.0 | 1.8 | 9% |

* Underlying revenue excludes the revenue from businesses acquired during the 2012/13 financial year



Fairchild Books was acquired in March 2012



AVA Publishing was acquired in June 2012

Bloomsbury continued its strategy of acquiring high quality assets in areas complementary to its existing academic and professional lists, with the purchase of two applied visual arts lists: Fairchild Books in March 2012 for £3.8 million and Applied Visual Arts Publishing in June 2012 for £1.8 million. Combined with Bloomsbury's existing visual arts lists and academic list Berg, this makes us the leading global publisher in this field. These acquisitions contributed £6.0 million of revenue and £2.0 million of incremental operating profit before highlighted items in the year ended 28 February 2013.

Excluding these acquisitions, there was excellent underlying growth in title sales which increased by 9%, £1.8 million, to £20.8 million. Rights and services revenue reduced by £1.8 million to £2.3 million following a very strong year in 2011/12, causing the £0.9 million reduction in underlying operating profit before highlighted items.

New title output now exceeds 1,000 titles per year, with an increasing focus on digital publishing. We expect digital revenues to increase as we rapidly expand our portfolio of subscription services.

In October 2012, Bloomsbury published the Churchill Archive online in conjunction with the Sir Winston Churchill Archive Trust. The work comprises almost one million pages, in digital format for university libraries, public libraries and schools to access on demand. The content of the archive has been made available to a global audience who will be able to study one of the largest and most important collections of primary source material of any individual leader in history. All secondary schools in the UK, USA and Canada will be granted access to the entire digital Churchill Archive thanks to funding from the Churchill Centre.

In February 2013, Bloomsbury launched Drama Online, an online resource for plays, critical analysis and performance. Featuring the pre-eminent drama lists from Methuen Drama, Arden Shakespeare and Faber and Faber, Drama Online will offer a complete digital library of the most studied, performed and critically acclaimed plays from the last 2,500 years.

Bloomsbury Professional now has a number of online services including: UK Tax Online, Irish Company Law Online, Irish Property Law Online, Irish Tax Online and Financial Reporting Online. The Financial Reporting service is now used by a majority of the large accounting firms in the UK as the service of choice. Our pricing model is very attractive to users and the packages are well focused on customer needs. In October 2012, Bloomsbury Professional launched Tax Planner Interactive, which delivers online solutions rather than pure content to the end user.

CHIEF EXECUTIVE'S REVIEW

The pipeline for academic and professional digital services is strong. Launches in 2013 will include a National Infrastructure Planning Service, a Business Advice and Compliance Service and Actors & Performers Online. Launches in 2014 will include Fashion Photography Online and Bloomsbury Collections Online.

Adult – Digital sales flourish

The Adult division generated 45% of Group continuing revenue this year (2011/12: 46%). Continuing revenue was £44.3 million (2011/12: £45.1million). Continuing operating profit before highlighted items was £3.7 million, (2011/12 £4.8million). Continuing operating profit margin before highlighted items for the division was 8% which compares very favourably with an industry average of 5.8%.

Print sales decreased by 7% to £34.3 million, but digital sales in the division rose 32% year on year to £5.6 million, representing 13% of continuing sales (2011/12: 9%).

The highest penetration of e-book sales remains in the USA at 27% of net title sales, but UK e-book sales are accelerating and now at 11% of net title sales. Other territories are also growing rapidly. Rights & Services revenue rose by 16% to £4.4 million (2011/12: £3.8 million).

In line with our strategy we focused our efforts on acquiring and publishing titles with global English-language rights. In particular we have invested in the area of high-quality cookery books with the potential for global sales. Our two most successful new authors in the year were Paul Hollywood with two titles, *How to Bake* and *Bread*, and Russell Norman with his Waterstone's Book of the Year, *Polpo*. We also saw significant and growing sales from our established author chefs such as Hugh Fearnley-Whittingstall, Heston Blumenthal, Atul Kochhar, Fergus Henderson, Raymond Blanc, Nikki Segnit, David Chang, Vivek Singh, Philip Howard and many more.

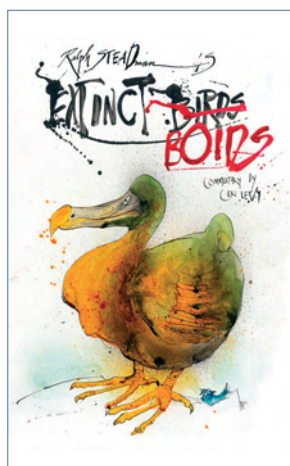
Literary prizes are becoming an ever more important way for book buyers to identify what they want to read. Madeline Miller won the Orange Prize for Fiction with *The Song of Achilles*, a brilliant re-telling of Homer's *Iliad*. The International IMPAC Dublin Literary Award is one of the richest literary prizes in the world and was won for the second year running by a Bloomsbury author, this time Jon McGregor with *Even the Dogs*. Paula Wilfert won the James Beard Award with *The Food of Morocco*, Alistair Hignell with *Higgy* was Rugby Book of the Year, and we were delighted that *Cuckoos of the World* was voted Bird Book of the Year by Birdwatch magazine.



Bloomsbury has significant and growing sales from established author chefs



A selection of some of the recent prize winning books of the Adult division. Bloomsbury's authors and books have enjoyed another strong year for literary awards worldwide



We have also focused on publishing in print and digital for special interest markets. Jonathan Kingdon's six-volume *Mammals of Africa* is unique, comprehensive and authoritative. This was published alongside our established natural history list which continues its central role in ornithology, not least with the publication of Ralph Steadman's *Extinct Birds*.

Progressively we view the English-speaking market (and many non-native English territories) as a single market, particularly with internet and digital distribution channels. In this respect our two recent start-up businesses in Australia and India are vital to our functions of promoting our authors and developing sales and markets. India's first year has been good with bestsellers ranging from Manil Suri's *The City of Devi*, through William Dalrymple's *The Return of a King* to the first edition of the *Wisden India Almanack* edited by Suresh Menon.

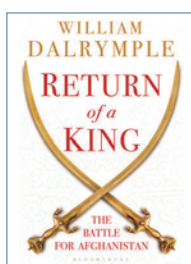
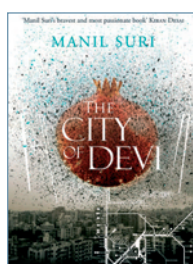
Digital sales will continue to increase across the board with significant opportunities: geographical (India, Latin America, China), technological (colour, audio, interactivity etc) and reach (new e-tailers, social media, subscription, lending etc). The rate of growth in traditional e-book sales in the USA is slowing but elsewhere there appears to be very significant opportunities for growth.

Children's & Educational – An innovative team builds for the future

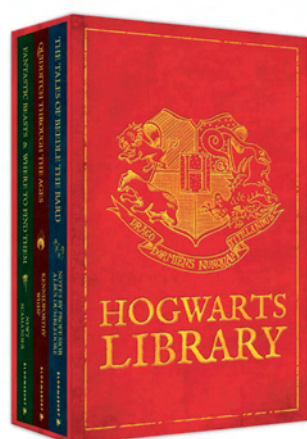
Bloomsbury Children's & Educational division publishes quality books for children up to 16 years old to inspire a love of reading.

Revenue was £21.3 million (2011/12: £25.6 million). This reduction is largely due to a 22%, £5.1 million reduction year on year in print sales, which in turn is almost wholly due to lower sales of *Harry Potter* titles, with the release of the final film in that series in 2011 making the comparative for 2011/12 very strong. E-book sales grew to 10% of net title sales, up from 5% in 2011/12, with the strongest performance in the US market, but steeper growth in the UK. Closely managed costs and advance focus led to an improved gross profit margin of 53% compared to 49% in 2011/12.

The Educational division benefited from a community led marketing team focusing on direct selling and inherited titles from the Continuum acquisition, growing sales to £4.8m, up from £4.2m last year.



Bloomsbury India had a good first year for bestsellers



Harry Potter is a key ingredient in Bloomsbury's Children's List

CHIEF EXECUTIVE'S REVIEW

The children's trade division continues to acquire world rights to strengthen global publishing. With new publishing directors in both the UK and the US, the publishing strategy is to acquire market facing titles and to publish fewer books better, driving up profitability per title.

Digital innovation is a priority with interactive colour e-books and app marketing in development, along with an e-first imprint for the young adult market – Bloomsbury Spark. The Educational sub-division is developing its first online digital product – Music Express Online, which will launch in 2014.

Highlights from the 2012/13 year include *Hogwart's Library* by JK Rowling and *Princess Academy: Palace of Stone* by Shannon Hale, which entered the New York Times bestseller list. *Throne of Glass* by Sarah J Maas has sold in 12 languages and *Steve Jobs* by Karen Blumenthal sold almost 100,000 copies in the year. We also launched both the Bloomsbury Activity Books imprint and a new picture book list at Frankfurt Book Fair. Nicholas Lake won the prestigious Printz Award from the American Library Association for *In Darkness* and is also shortlisted for the Carnegie Medal along with *The Weight of Water*, a debut novel by Sarah Crossan.

Bloomsbury Information – Knowledge hubs

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

The division generated 4% of Group continuing revenue this year (2011/12: 4%) and 19% of Group continuing operating profit before highlighted items (2011/12: 7%). Continuing revenue was £3.8 million, up 5% on £3.6 million for 2011/12. Continuing operating profit before highlighted items was £2.3 million, up £1.5 million compared to £0.9 million in 2011/12. Rights and services revenue of £3.4 million made up 90% of total continuing revenue.

Successes in the year include the continuing growth of www.QFinance.com, the digital knowledge hub for finance professionals created by Bloomsbury which now attracts over 300,000 unique visitors per month. Development of the IZA World of Labor, our knowledge hub targeted at policy makers in the field of labour economics which covers topics such as migration and minimum wage, is progressing well with launch scheduled for later this year.

The division continues to grow and is well placed to exploit digital, management services and other innovative business opportunities for the Group.



Highlights of Bloomsbury Children's division including best sellers and prize winners



www.qfinance.com attracts over 300,000 unique visitors per month

Bloomsbury's strategy delivers

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

The bringing together of general and scholarly publishing has already resulted in significant cost savings, better marketing reach, a balanced portfolio both editorially and financially, and excellent results. Bloomsbury's strategy over the next five years is to balance trade and non-trade publishing in the business to further enhance these benefits.

The Academic & Professional division aim is to be the number one applied visual arts publisher in the world, and within five years to be the number one independent humanities and social science publisher in Europe, with half of turnover coming from digital and subscription-based products.

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

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

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

Outlook

Bloomsbury has an exceptional publishing programme for 2013/14. This includes *And the Mountains Echoed* by Khaled Hosseini, *The Signature of All Things* by Elizabeth Gilbert, *The Bone Season* by Samantha Shannon and the first book from our new MasterChef venture with Shine TV.

There are exciting opportunities for growth in many areas, including; digital sales (e-books, knowledge hubs and academic and professional online services), publishing services sales and global title sales - particularly in India, Latin America and China. We also have many internal operational improvements ongoing across the Group which will improve business efficiency, including a Group wide shift to content-led (XML-based) workflows to expedite the print and digital production process.

The publishing industry is going through changing times full of opportunity. With online and digital technology the book market is increasingly global, facilitating trade across Bloomsbury's international business. Global English language speakers and literacy generally are ever increasing. Our content has become more widely available through the increasing number of e-reading devices and the ease of acquiring e-books means that each consumer buys more titles than before. Fewer books are being sold through high street shops as e-book sales are continuing to grow. However, there will be a place for the physical book for many more years albeit mainly sold online.

Bloomsbury has been successfully steering a path through this shifting business model. The opportunities for selling our content and the different formats for our content are proliferating. Whereas content was historically only sold as an individual physical title, now we can sell content 24/7 as an e-book, bundle online rights for sale or create innovative knowledge hubs where access rights can be sold direct to the consumer. It is this innovation, together with our valuable intellectual property and respected Bloomsbury brand that form the core of Bloomsbury's strategy for growth.

Nigel Newton
Chief Executive
12 June 2013

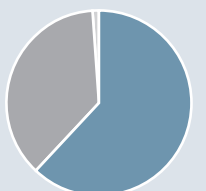
GROUP AT A GLANCE

Revenue¹ £29.0m

(2012: £23.1m)



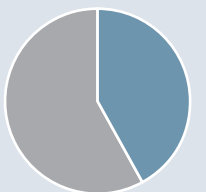
■ Academic & Professional 29%
■ Rest of Bloomsbury 71%



■ UK 62%
■ US 37%
■ Australia 1%

Adjusted operating profit² £5.2m

(2012: £4.2m)



■ Academic & Professional 42%
■ Rest of Bloomsbury 58%

Adjusted operating profit margin² 18%

(2012: 18%)

Academic & Professional

Bloomsbury Academic & Professional division has grown rapidly since its inception in 2008, and specialises in the humanities, social sciences, law and tax. Output of titles and services is over 1,100 per year. The division includes the active imprints of Bloomsbury Academic, Bloomsbury Professional, Methuen Drama, Arden Shakespeare, Fairchild Books, and the historic imprints of Berg Publishers, Bristol Classical Press, Continuum International and AVA Books.

In March 2012, the Independent Publishers Guild voted Bloomsbury's Academic & Professional division Independent Publisher of the Year and in March 2013 the division won the Frankfurt Book Fair Academic & Professional Publisher of the Year.

Within the division, we publish many world-leading writers, Nobel laureates and researchers in their fields, and actively seek out the emerging generation of authors. Our authors include Karl Barth, Joseph Ratzinger, Rowan Williams, George Bernard Shaw, Jonathan Sacks, Slavoj Žižek, Theodor Adorno, Martin Heidegger, Alain Badiou, Bertolt Brecht, Arthur Miller, Michael Frayn, Paulo Freire, M A K Halliday, Noel Coward, Cardinal Newman, Willy Russell, Winston Churchill, Jean Anouilh, Edward Bond, Dario Fo, Tennessee Williams, Wole Soyinka, Jean Baudrillard, Roland Barthes and Paul Virilio.

A focus for the division is expanding its digital revenues. In addition to several thousand e-books, we publish a rapidly increasing range of digital subscription services, including the award-winning Berg Fashion Library, Bloomsbury Professional Tax and Law Online, the Churchill Archive and Drama Online.



Managing Director: Jonathan Glasspool

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

Divisional facts

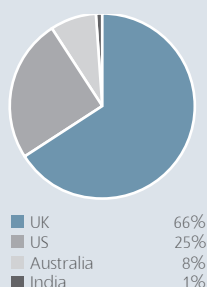
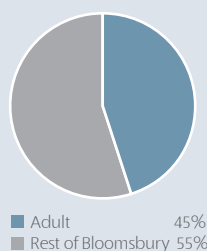
| | |
|-------------------------|---------|
| Divisional team members | 89 |
| Backlist titles | >16,000 |

1 Revenue represents that generated by continuing operations.

2 Adjusted operating profit is continuing operating profit before amortisation of intangible assets and other highlighted items.

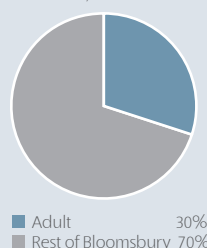
Revenue¹

£44.3m
(2012: £45.1m)



Adjusted operating profit²

£3.7m
(2012: £4.8m)



Adjusted operating profit margin²

8%
(2012: 11%)

Adult

The Adult division publishes globally in English for readers of fiction, biography, sport, food and drink, general reference and special interests such as 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 Howard Jacobson, Khaled Hosseini, Elizabeth Gilbert and Margaret Atwood we are also proud to be the publishers of the Aberdeen Asset Management Reed's Nautical, Wisden Cricketers' and Whitaker's Almanacks as well as the great institution which is Who's Who.

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.



Managing Director: 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's overseas offices. He joined the Bloomsbury Board as an Executive Director in October 2007 following ten years as Chief Executive Officer of Macmillan Publishers Limited. See "Board of Directors" within the Governance section for a more in depth biography.

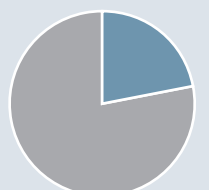
Divisional facts

| | |
|-------------------------|--------|
| Divisional team members | 82 |
| Backlist titles | >8,000 |

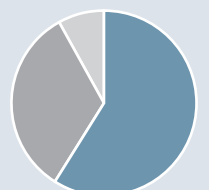
GROUP AT A GLANCE

Revenue¹ £21.3m

(2012: £25.6m)



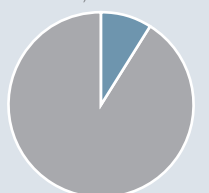
■ Children's & Educational 22%
■ Rest of Bloomsbury 78%



■ UK 59%
■ US 33%
■ Australia 8%

Adjusted operating profit² £1.1m

(2012: £2.3m)



■ Children's & Educational 9%
■ Rest of Bloomsbury 91%

Adjusted operating profit margin² 5%

(2012: 9%)

Children's & Educational

Bloomsbury Children's & Educational publishing division includes the Bloomsbury Children's Books trade lists in both UK and US; and the Walker Books for Young Readers imprint in the US. Recently launched globally is the Bloomsbury Activity Books imprint. 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 its 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.

The Children's division sells and markets titles to the global trade, education and mass market sectors. Our objectives are to grow the list 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, and this year will launch Bloomsbury Spark as an e-first imprint for young adult readers.



Managing Director: Emma Hopkin

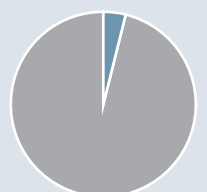
Emma Hopkin joined Bloomsbury in March 2011 as Managing Director of the Children's & Educational publishing division. Previously she was Managing Director of Macmillan Children's Books where she led the acquisition of Kingfisher and drove revenue growth in print and digital. Prior to being Managing Director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

Divisional facts

| | |
|-------------------------|--------|
| Divisional team members | 43 |
| Backlist titles | >1,000 |

Revenue¹**£3.8m**

(2012: £3.6m)



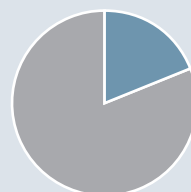
■ Information 4%
■ Rest of Bloomsbury 96%



■ UK 100%

Adjusted operating profit²**£2.3m**

(2012: £0.9m)



■ Information 19%
■ Rest of Bloomsbury 81%

Adjusted operating profit margin²**61%**

(2012: 24%)

Information

Information's focus is on the provision of publishing management services and the development of digital knowledge hubs for third-party partners. Building on the successes of Bloomsbury's relationships and content development projects for example with Microsoft (Encarta World English Dictionary), Perseus/The Economist/London Business School (Business – The Ultimate Resource) and Macmillan (Macmillan English Dictionary for Learners of English), Information is responsible for the financial best practice and thought-leadership website, www.qfinance.com, in partnership with the Qatar Financial Centre Authority.

The division provides publishing management services to the Qatar Foundation for which it manages two publishing ventures, Bloomsbury Qatar Foundation Publishing which publishes books in English and Arabic, and Bloomsbury Qatar Foundation Journals, which publishes online Open Access, peer-reviewed research journals. We also work with the prestigious German research institute, the Institute for the Future of Labor and other international organisations including PricewaterhouseCoopers and Roland Berger. The division also publishes trade titles in partnership with the National Archives and is re-establishing Bloomsbury's business and management book publishing programme.

**Managing Director: Kathy Rooney**

Kathy leads the Information publishing division which has a growing list of titles and is particularly focused on delivering innovative publishing services projects. She has been a Publishing Director of Bloomsbury since 1987. In 2009 she was awarded the prestigious Kim Scott Walwyn Prize for professional achievements of women in publishing.

Divisional facts

| | |
|-----------------------------|-----|
| Divisional team members | 10 |
| Titles published since 2010 | <90 |

GROUP AT A GLANCE

RECENT CORPORATE DEVELOPMENT LANDMARKS FOR BLOOMSBURY

| | Date | Publishing division most affected | Description |
|--|----------------|--|--|
| US office move | April 2013 | All | Relocated employees from various offices in the US into one single New York office. |
| Acquisition of Applied Visual Arts Publishing | June 2012 | Academic & Professional | Acquisition of a publisher for students and professionals in the applied visual arts. |
| Acquisition of Fairchild Books | March 2012 | Academic & Professional | Acquisition of a list of visual arts titles which augments Bloomsbury's visual arts offering. |
| Sale of Bloomsbury Verlag | February 2012 | Adult, Children's & Educational | Sale of a loss making German subsidiary. |
| Set up of Bloomsbury India | February 2012 | All | Setting up 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. |

RECENT PRIZES AND AWARDS FOR BLOOMSBURY

| Title of book/ Author | Year | Prizes |
|--|------|--|
| Bloomsbury Publishing | 2013 | The Bookseller Industry Award for Academic, Educational & Professional Publisher of the Year |
| Academic & Professional division | 2012 | Independent Publishers Guild Publisher of the Year |
| | 2013 | Frankfurt Book Fair Academic & Professional Publisher of the Year |
| <i>Disgraced</i> /Ayad Akhtar | 2013 | Pulitzer Prize for Drama |
| <i>In Darkness</i> /Nick Lake | 2013 | Michael L. Printz award for excellence in young adult literature |
| <i>Polpo</i> /Russell Norman | 2013 | Gourmand World Cookbook Awards: UK - Best Cookbook on Italian Cuisine |
| | 2012 | Waterstone's book of the year |
| Kevin Starr | 2013 | Kevin Starr is the 33rd recipient of the Robert Kirsch Award for lifetime achievement |
| <i>Throne Of Glass</i> /Sarah J. Maas | 2013 | YALSA Best Fiction for Young Adults |
| | 2012 | A Kirkus Best Teen Book |
| | 2012 | Amazon.com Best Teen Book |
| <i>Bill Veeck</i> /Paul Dickson | 2013 | Jerome Holtzman Award |
| | 2012 | Casey Award as the best baseball book of the year |
| | 2012 | Special Libraries Association Reader's Choice Award |
| <i>Cuckoos of the World</i> /Johannes Erritzoe, Frederick P Brammer, Richard A Fuller and Clive F Mann | 2012 | Birdwatch Bird Book of the Year |
| <i>Battle Hymn of the Tiger Mother</i> /Amy Chua | 2012 | Books Marketing Society Award |
| <i>River Cottage Veg Every Day</i> /Hugh Fearnley-Whittingstall | 2012 | Observer Food Monthly Awards: Best Cookbook of the Year |
| <i>Memoir: Ghosts by Daylight</i> /Janine Di Giovanni | 2012 | Spear's Book Award |
| <i>Even the Dogs</i> /Jon McGregor | 2012 | International IMPAC Dublin Award |
| <i>The Food of Morocco</i> /Paula Wolfert | 2012 | James Beard Award (US) Cookbooks, International Cooking |
| <i>The Song of Achilles</i> /Madeline Miller | 2012 | Orange Prize For Fiction |
| <i>Salvage the Bones</i> /Jesmyn Ward | 2012 | Ala Alex Award (USA) |
| | 2012 | PEN Oakland-Josephine Miles Award for Excellence in Literature |
| <i>Higgy</i> /Alastair Hignell | 2012 | British Sports Book Awards: Rugby Book of the Year |
| <i>Cairo</i> /Ahdaf Soueif | 2012 | Blue Metropolis Literary Prize (Montreal) |
| | 2012 | Constantin Cavafis Award (Cairo / Athens) |
| <i>I Shall Not Hate</i> /Izzeldin Abuelaish | 2012 | Christopher Awards (USA): Books for Adults |
| <i>High On The Hog</i> /Jessica Harris | 2012 | International Association of Culinary Professionals (IACP) Award for Culinary History |
| <i>Dogs Make Us Human</i> /Art Wolfe, Jeffrey Moussaieff Masson | 2012 | Nautilus Silver Award in the Animals / Nature category |
| <i>The Man Who Never Died</i> /Bill Adler | 2012 | Evans Biography Award |
| | 2012 | Colorado Book Award for biography |
| <i>The Remains Of Love</i> /Zeruya Shalev | 2012 | Die Welt Literature Award |
| <i>How to Survive the Titanic</i> /Frances Wilson | 2012 | Elizabeth Longford Prize |
| <i>The Killer Is Dying</i> /James Sallis | 2012 | North American Hammett Prize |
| <i>The Accidental Feminist</i> /M.G. Lord | 2012 | National Entertainment Journalism Best Book Award |
| <i>Dark Lord</i> /Jamie Thomson | 2012 | Roald Dahl Funny Prize |
| <i>Gonzo Republic: Hunter S Thompson's America</i> /William Stephenson | 2012 | Faculty Monograph of the Year at Chester (UK). |
| <i>Illustrated Codes For Designers</i> /Katherine S. Ankeron | 2013 | Residential IDEC Book of the Year |

GROUP AT A GLANCE

RECENTLY SHORTLISTED BLOOMSBURY AUTHORS AND BOOKS

| Title of book/ Author | Year | Prizes |
|--|------|--|
| <i>This Isn't The Sort of Thing That Happens to Someone Like You</i> /Jon McGregor | 2013 | East Midlands Book Award |
| <i>Sit Down and Cheer</i> /Martin Kelner | 2013 | British Sports Book Awards – Best New Writer |
| <i>We'll Get 'Em in Sequins</i> /Max Davidson | 2013 | British Sports Book Awards – Cricket Book Of The Year |
| <i>The Man Within My Head</i> /Pico Iyer | 2012 | Duff Cooper Prize |
| <i>Darwin's Ghosts</i> /Rebecca Stott | | |
| <i>Polpo</i> /Russell Norman | 2013 | Andre Simon Award – Food: |
| | 2012 | British Design And Production Awards – Lifestyle |
| <i>Coppi</i> /Herbie Sykes | 2013 | British Sports Book Awards – Illustrated Book Of The Year |
| Kamila Shamsie & Ned Beauman | 2013 | Granta Best Of British Young Novelists |
| <i>In Darkness</i> /Nick Lake | 2013 | CILIP Carnegie Medal |
| <i>Hard Twisted</i> /C. Joseph Greaves | 2013 | Oklahoma Book Award in Fiction |
| <i>A Difficult Woman</i> /Alice Kessler-Harris | 2013 | Los Angeles Times Book Prize in Biography category |
| <i>The Weight Of Water</i> /Sarah Crossan | 2013 | CILIP Carnegie Medal |
| <i>Butter</i> /Erin Jade Lange | 2013 | Nominated for YALSA's Teen Top 10 |
| <i>Throne Of Glass</i> /Sarah J. Maas | 2013 | Waterstones Children's Book Prize |
| <i>Umbrella</i> /Will Self | 2012 | Man Booker Prize |
| <i>The Memory of Love</i> /Aminatta Forna | 2012 | International IMPAC Dublin Award |
| <i>Once You Break a Knuckle</i> /D.W. Wilson | 2012 | CBC Short Story Prize (Canada) |
| <i>Salvage the Bones</i> /Jesmyn Ward | 2012 | American Booksellers' Association Indies' Choice Awards (Us) Fiction |
| | 2012 | New York Public Library Young Lions Fiction Award |
| | 2012 | Nominated for Hurston-Wright Legacy Award |
| | 2012 | Finalist for Dayton Literary Peace Prize |
| <i>Pigeon English</i> /Stephen Kelman | 2012 | Skyarts South Bank Show Breakthrough Award Literature Nomination |
| <i>State of Wonder</i> /Ann Patchett | 2012 | Orange Prize For Fiction |
| <i>Painter of Silence</i> /Georgina Harding | | |
| <i>Pao</i> /Kerry Young | 2012 | Commonwealth Book Prize |
| <i>Nightmare Movies</i> /Kim Newman | 2012 | British Fantasy Awards Non Fiction |
| <i>The Secret Life of Pronouns</i> /James Pennebaker | 2012 | Books For A Better Life Award For Psychology (US) |
| <i>Scissors, Paper, Stone</i> /Elizabeth Day | 2012 | Betty Trask Award |
| <i>The Rain Tree</i> /Mirabel Osler | 2012 | PEN/Ackerley Prize |
| <i>I Shall Not Hate</i> /Izzuldin Abuelaish | 2012 | Memo Palestinian Book Awards |
| <i>I Was Born There, I Was Born Here</i> /Mourid Barghouti | | |
| <i>The Solitude of Thomas Cave</i> /Georgina Harding | 2012 | The Great Outdoors Awards |
| <i>The Song of Achilles</i> /Madeline Miller | 2012 | Stonewall Awards – Writer Of The Year |
| <i>Once You Break a Knuckle</i> /D.W. Wilson | 2012 | Dylan Thomas Prize |
| <i>A Lady Cyclist's Guide to Kashgar</i> /Suzanne Joinson | 2012 | Anobii First Book Award |
| <i>Jack Holmes and His Friend</i> /Edmund White | 2012 | Green Carnation Prize |
| <i>Lifel Deathl Prizes</i> /Stephen May | 2012 | Costa Book Awards |
| <i>The Geneva Trap</i> /Stella Rimington | 2012 | Political Book Awards – Political Fiction Book Of The Year: |
| Humphrey Davies' translation of <i>I Was Born There, I Was Born Here</i> /Mourid Barghouti | 2012 | Society Of Authors Saif Ghobash-Banipal Arabic Translation Award – Commended |
| <i>Our Master</i> /Ibrahim Issa | 2012 | International Prize For Arabic Fiction |
| <i>The Last Hundred Days</i> /Patrick McGuinness | 2012 | Desmond Elliott Prize for debut fiction |
| <i>Pinstripe Empire</i> /Marty Appel | 2012 | CASEY Award for Best Baseball Book of the Year |
| | 2012 | Special Libraries Association Reader's Choice Award |
| <i>Volcker</i> /William Silber | 2012 | Financial Times/Goldman Sachs Business Book of the Year Award |
| <i>Swimming Home</i> /Deborah Levy | 2012 | Man Booker Prize |

FINANCIAL REVIEW

Introduction

On 28 February 2012 the Company sold Bloomsbury Verlag, its subsidiary in Germany, following a strategic decision to concentrate on English language publishing. Continuing figures for 2011/12 exclude the results of this subsidiary.

During the year we completed two acquisitions. The most significant of these is that of Fairchild Books, which was acquired on 30 March 2012. On 29 June 2012 we acquired Applied Visual Arts Publishing ("AVA"). Underlying numbers disclosed below are continuing numbers, which exclude the results of Fairchild Books and AVA.

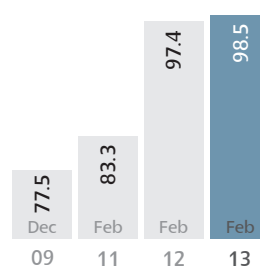
Strategic initiatives over the last two years, which include the acquisitions of Fairchild Books and AVA, the set up of Bloomsbury India and the One Global Bloomsbury reorganisation, have resulted in costs which have been highlighted separately in these financial statements.

There have been no changes in accounting policies in the year.

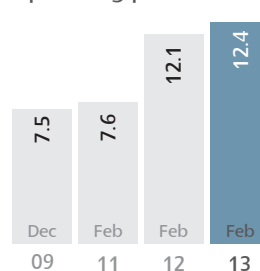
Overview

Continuing revenues were up by 1% year on year. We increased our continuing operating profit margin before highlighted items to 12.6%. The resulting profit before tax and highlighted items was up by 3% to £12.5 million. Our results history for the last four years is shown in the graph below:

Revenue* £'m



Operating profit* £'m



* Revenue and operating profit are for 12 month periods. Operating profit is stated before highlighted items.

Summary of continuing results

| | Year ended 28 February 2013 £'m | Year ended 29 February 2012 £'m | Year on year change % |
|---|--|--|-----------------------------|
| Revenue | 98.5 | 97.4 | 1% |
| Operating profit | 9.8 | 8.4 | 16% |
| Operating profit before highlighted items | 12.4 | 12.1 | 3% |
| Profit before tax | 9.8 | 8.5 | 16% |
| Profit before tax and highlighted items | 12.5 | 12.1 | 3% |
| Diluted EPS | 10.46p | 9.54p | 10% |
| Diluted EPS before highlighted items | 13.11p | 13.27p | -1% |

FINANCIAL REVIEW

Revenue

The Group's revenues arise from publishing services and related income. 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 continuing revenue for the year was £98.5 million, up 1% on the year ended 29 February 2012 of £97.4 million. There was growth of 26% year on year in the Academic & Professional division, following the acquisition of Fairchild Books and AVA. These acquisitions contributed £6.0 million to revenue and £2.0 million to operating profit before highlighted items.

Excluding the impact of the acquisition of Fairchild Books and AVA, the Group's continuing underlying revenue in the year ended 28 February 2013 of £92.5 million was down on a like-for-like basis by 5% (2011/12: £97.4 million). The results in 2011/12 benefited from exceptionally strong rights and services income and high Children's & Educational title sales as a result of the final Harry Potter film. However, the two academic acquisitions we made have generated sufficient revenue to ensure that the Group's total revenues grew year on year in 2012/13.

Continuing title sales grew by 3% year on year. Within that there was a further move away from print and towards digital formats. Print sales were 78% of total continuing revenue, down £2 million, 2%, year on year, and down £7.7 million, 10% on an underlying basis. Within this, the sales of Harry Potter print titles were down £4.4 million year on year.

Digital sales mainly comprise e-book sales together with a growing element of digital subscriptions revenues. Continuing e-book sales were up 61% year on year to £9.1 million, and now are 9% of Group continuing revenues (2011/12: 6%). Given the nature of e-books, most of this growth was in the Adult division, where 13% of continuing sales were e-books (2011/12: 9%), with slower growth in the Children's & Educational division and growing e-book sales in the Academic & Professional division. Overall 16% of continuing revenue in the US were of e-books and 7% in the UK, indicating the significant potential remaining in the UK for e-book sales.

| | Total continuing revenue £'m | Proportion of total continuing revenue % | Continuing revenue growth year on year % |
|---------------------|---------------------------------------|--|--|
| Print | 77.0 | 78% | -2% |
| Digital | 10.0 | 10% | 71% |
| Total title sales | 87.0 | 88% | 3% |
| Rights and services | 11.5 | 12% | -9% |
| Total | 98.5 | 100% | 1% |

Rights and services revenue streams, which are analysed below, have had another good year.

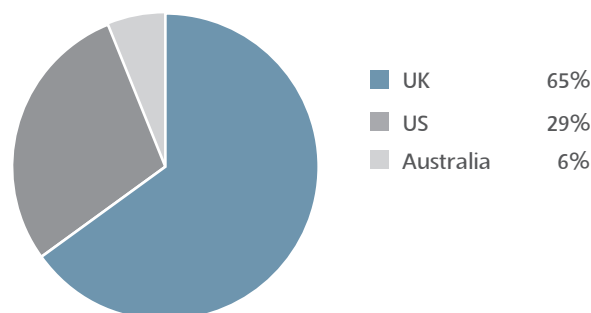
| £m | 2012/13 | 2011/12 | Change | 2010/11* |
|----------------------|-------------|---------|--------|----------|
| Copyright licences | 6.3 | 6.3 | 0% | 3.6 |
| Trademark licences | 0.7 | 1.2 | -42% | – |
| Management contracts | 4.0 | 3.4 | +19% | 2.1 |
| Other | 0.5 | 1.7 | -71% | 1.0 |
| Total | 11.5 | 12.6 | -9% | 6.7 |

* Financials for 2010/11 are unaudited for the year ended 28 February 2011 following the change in year end.

Rights and services revenue was down by £1.1m on last year's exceptional result but 72% up on 2010/11. The two key areas that drive this revenue are copyright licence sales and management contract income. Copyright licences include the sale of foreign language rights to our titles and the sale of online rights to certain titles. Trademark licence revenue last year included income from rights relating to the Bloomsbury Verlag disposal, this year it includes fees from the licensing of Wisden in India. Management contracts include revenues from the IZA deal which we signed in 2011 and from our management contract in Qatar. Whereas in 2011/12 these revenues were characterised by a smaller number of larger deals, in 2012/13 they are a larger number of smaller deals, as this type of revenue is now more embedded in the day to day operations of the business. The top three revenue sources in 2011/12 delivered £5.4m profit (50% of total rights and services profit) whereas in 2012/13 the top three sources delivered £3.4m or 35% of this profit.

The Group sales by region are shown below. The acquisition of Fairchild Books at the end of March and of Continuum last year gives us increased presence in the US, the largest academic publishing market in the world. This chart shows where Group continuing revenues were generated for the year ended 28 February 2013:

Group continuing sales by region



Profit margins

The continuing gross profit margin increased year on year from 57% to 58% of total revenues. This increase reflects the shift of revenues from print to digital and the substantial print cost savings we have made following a tender process. Both production costs and stock costs have reduced as a proportion of total revenues.

Author costs, consisting of royalties and advances, increased from £15.6 million to £16.3 million year on year. Group marketing and distribution costs are down from 15% of revenues in 2011/12 to 13% of revenues in 2012/13. Underlying administration costs, excluding new costs in the year from acquired companies and our new business in India, were down by 1% to £28.7 million.

Group continuing operating profit before highlighted items for the year was £12.4 million, up 3% on last year. The continuing operating profit margin before highlighted items for the Group increased from 12.4% to 12.6%.

FINANCIAL REVIEW

Highlighted items

The acquisitions of Fairchild Books and AVA and the set up of Bloomsbury India resulted in costs which, together with intangible amortisation, have been highlighted separately in the financial statements. In addition we have highlighted a £0.2 million credit which represents a gain on a bargain purchase on the acquisition of Fairchild Books.

| £m | Charge/(credit) |
|---|-----------------|
| Cost of acquisitions (Fairchild Books, AVA) | 0.1 |
| Bloomsbury India set up | 0.1 |
| A gain on a bargain purchase of Fairchild Books | (0.2) |
| Restructuring Costs | 0.3 |
| | 0.3 |
| Intangible assets amortisation | 2.3 |
| Total | 2.6 |

Divisional performance

Our two highest margin divisions, Academic & Professional and Information, grew in both revenue and profit year on year. The table below shows continuing performance by division.

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

The Academic & Professional division has grown significantly during 2012 and 2013 through acquisitions, organic growth in digital subscription-based publishing and innovative deals with publishing partners. Growth in Academic & Professional revenues is core to our strategy to balance trade revenues with non-trade revenues. This division now makes up 29% of Group revenue (2011/12: 24%) and 42% of Group operating profit before highlighted items (2011/12: 34%). Academic & Professional sales grew by 26%. Our two acquisitions in the year – Fairchild Books and AVA – contributed £6.0m of revenue and £2.0m of incremental operating profit before highlighted items. On an underlying basis, before the acquisitions, title sales in the division were up by 9% year on year. Underlying rights and services revenue was down £1.8m year on year following an exceptional result in this area in 2011/12.

In the Adult division we are showing growth over 2010/11 but revenue is 2% lower than last year which included very strong sales of *River Cottage Veg Every Day!* The sales reduction led to a £0.4 million reduction in profit, in addition there was a £0.7 million provision for unearned advances in the US following alignment of territorial policies, which in total has led to a profit reduction of £1.1 million year on year in the division. E-book sales rose 32% year on year to £5.6 million, which represented 13% of the division's total continuing revenue compared to 9% in the previous year. This division makes up 45% of Group revenue (2011/12: 46%). The UK cookery list performed well, including sales of Hugh Fearnley-Whittingstall, Heston Blumenthal and our new author Paul Hollywood's *How to Bake and Bread*. *The Song of Achilles* won the 2012 Orange Prize for Fiction, and two of our other titles, *Painter of Silence* and *State of Wonder* were also on the Orange Prize shortlist of six.

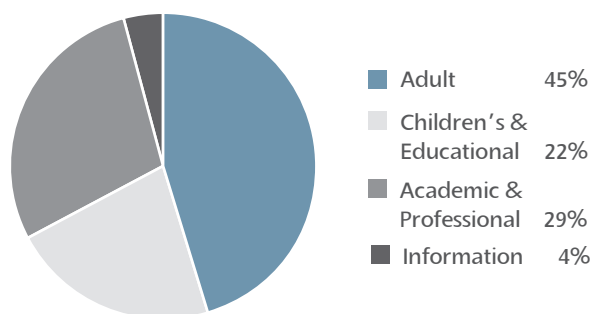
| | Revenue | | Operating profit before highlighted items | |
|--------------------------|----------------|----------------|---|----------------|
| | 2012/13 £'m | 2011/12 £'m | 2012/13 £'m | 2011/12 £'m |
| Academic & Professional | 29.0 | 23.1 | 5.3 | 4.1 |
| Adult | 44.4 | 45.1 | 3.7 | 4.8 |
| Children's & Educational | 21.3 | 25.6 | 1.1 | 2.3 |
| Information | 3.8 | 3.6 | 2.3 | 0.9 |
| Total | 98.5 | 97.4 | 12.4 | 12.1 |

The Children's & Educational revenue reduction year on year was due to the effect of the release of the final Harry Potter film in July 2011. Excluding this effect titles sales were 1% up year on year. E-book sales in the division rose 78% year on year to £2.0 million, so we are starting to see in Children's & Educational some of the great e-book growth numbers that we have previously seen in the Adult division. The division makes up 22% of Group revenue (2011/12: 26%).

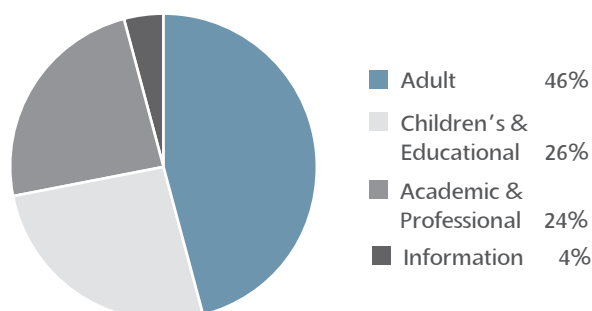
The Information division generated 90% or £3.4 million of its continuing revenue from rights and services. This was mainly management services fees and included fees for the businesses we manage in Qatar and revenue of £0.9 million (2011/12: £0.9 million) from the partnership with IZA in Germany that will generate £4.3 million of revenue over five years. The division's continuing operating profit before highlighted items was £2.3 million (2011/12: £0.9 million).

The charts below show the proportion of Group continuing revenues that each division generates, and illustrates the growth in relative contribution from the Academic & Professional division year on year.

2013 revenues by division



2012 Revenues by division



Acquisitions

On 30 March 2012 the Group acquired the trade and assets of Fairchild Books for a cash consideration of £3.8 million (\$6.1 million). On 29 June 2012 the Group acquired the trade and assets of AVA for £1.8 million (CHF 2.6 million). The acquisitions reflected Bloomsbury's strategy to increase its proportion of academic and professional revenues compared to trade revenues. All of Fairchild Books' sales are in the US further increasing Bloomsbury's reach to the global book market. Goodwill of £0.5 million arose on the acquisition of AVA and intangible assets of £1.9 million were identified for publishing rights and imprints on the acquisition of AVA and Fairchild. A gain on bargain purchase of £0.2 million arose on the acquisition of Fairchild Books, which is credited to highlighted items. The consideration on each acquisition is payable in three equal annual instalments, commencing at the acquisition date. The two acquisitions contributed a total of £6.0 million of revenue and £2.0 million of incremental operating profit before highlighted items to the Academic & Professional division this year.

Interest

The net interest income for the Group for the year was £0.09 million compared with £0.05 million for the year ended 29 February 2012 due to the improved performance of the defined benefit pension scheme.

Taxation

Taxation on continuing operations was £2.0 million for the year, compared to £1.4 million for the year ended 29 February 2012. The effective tax rate was 20.6% (2011/12: 16.2%). In 2011/12 the rate was brought down by the offset of the substantial overseas losses of Bloomsbury Verlag against UK generated profits. Excluding the effect of highlighted and other non-recurring items, the continuing effective tax rate for the Group was 21.4% (2011/12: 23.4%), consistent with the reduction in the UK tax rate.

Earnings per share

Continuing diluted earnings per share, excluding highlighted items, were down by 1% year on year to 13.11 pence (2011/12: 13.27 pence) largely due to the tax credit on Bloomsbury Verlag losses in 2011/12.

FINANCIAL REVIEW

Dividend and dividend policy

The Group has a progressive dividend policy and the aim of keeping dividend cover in excess of two times. In line with this policy the directors are recommending a final dividend of 4.56 pence per share, which subject to shareholder approval at our Annual General Meeting on 23 July 2013 will be paid on 24 September 2013 to shareholders on the register at the close of business on 30 August 2013. This dividend is a 5.8% increase on the dividend paid for the six months ended 29 February 2012. Together with the interim dividend, this makes a total dividend for the year ended 28 February 2013 of 5.50p per share, a 5.8% increase on the 5.20p dividend for the year ended 29 February 2012. Over the past six years our dividend has increased at a compound annual growth rate of 7%.

Capital structure

Our statement of financial position at 28 February 2013 can be summarised as set out in the table below.

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

Net assets increased by 5% to £114.8 million (2012: £109.2 million) and net assets per share by 5% to 155 pence (2012: 148 pence). The main movements in the statement of financial position are explained below.

Assets

Goodwill and intangible assets increased by £2.5 million to £55.2 million (2012: £52.8 million) due to:

- ★ the acquisitions of Fairchild Books and AVA increasing goodwill by £0.5 million and other intangibles by £1.9 million;
- ★ product and systems development cost of £2.4 million which includes the Churchill Archive and Drama Online; less
- ★ £2.3 million of amortisation.

Inventories increased by 27% to £25.6 million (2012: £20.2 million) mainly because of £3.3 million of stock acquired as part of the Fairchild Books and AVA acquisitions and building up the existing Academic list in the US, especially for Continuum.

Trade and other receivables were £53.6 million (2012: £55.4 million). The acquisition of Fairchild Books added £1.6 million and there was an increase of £1.0 million in accrued income for Academic & Professional rights and services deals. This offset a reduction of £3.7 million to other receivables from 29 February 2012, which was in respect of the sale and rights proceeds from the disposal of Bloomsbury Verlag and income tax recoverable decreased by £0.4 million.

| | Assets £'m | Liabilities £'m | Net assets £'m |
|--|---------------|--------------------|-------------------|
| Property, plant and equipment | 3.0 | – | 3.0 |
| Goodwill and intangible assets | 55.2 | – | 55.2 |
| Current assets and liabilities | 79.3 | 32.9 | 46.4 |
| Other non-current assets and liabilities | – | 2.9 | (2.9) |
| Post-retirement obligations | – | 0.1 | (0.1) |
| Deferred tax | 1.9 | 3.3 | (1.4) |
| Total before net cash | 139.4 | 39.2 | 100.2 |
| Net cash | 14.6 | – | 14.6 |
| Total as at 28 February 2013 | 154.0 | 39.2 | 114.8 |
| Total as at 29 February 2012 | 146.4 | 37.2 | 109.2 |
| Increase | 7.6 | 2.0 | 5.6 |

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 statement of financial position, in anticipation of further book returns subsequent to the year end. A provision for the Group of £5.3 million (2012: £4.7 million) for future returns relating to 2012/13 and prior year sales has been carried forward in trade receivables at the statement of financial position date. This provision was 18% of trade receivables (2012: 17%).

As at 28 February 2013 the Group had 4,043 titles (2012: 2,493) under contract for future publication, with a gross investment of £24.2 million (2012: £21.7 million). The increase in titles arises from the acquisitions of Fairchild Books and AVA and growth in the Academic & Professional publishing program including at Continuum and Visual Arts. After payment of the initial tranches of advances to authors, our year end commitment for future cash payments on these contracted titles was £14.7 million (2012: £12.7 million). The average total investment per title fell in 2013 to £6,000 compared to £8,700 as at 29 February 2012, reflecting the increasing number of Academic & Professional titles in the Group.

Equity and liabilities

At 28 February 2013 total equity was £114.8 million (2012: £109.2 million). The increase of £5.6 million was due to an increase of £1.4 million from the cumulative currency translations; dividends of £3.8 million (2011/12: £3.7 million); share based payment transactions of £0.5 million and the retained profit for the year of £7.5 million (2011/12: £3.4 million) after highlighted items of £2.7 million (2011/12: after highlighted items of £3.6 million and £3.7 million loss from the discontinued operations of Bloomsbury Verlag).

Current liabilities increased 1% to £32.9 million (2012: £32.5 million). Trade payables increased to £12.0 million (2012: £11.3 million) due to accrued work in progress mainly in respect of increased academic printing. Accruals and deferred income, which is included in trade and other payables, reduced to £14.9 million (2012: £18.8 million). This includes deferred income on database contracts, subscription revenues, accrued work in progress and royalty payments due to authors, which vary year on year depending on revenue and authors' royalty rates. At 29 February 2012 there were accruals for bonuses and for disposal costs of Bloomsbury Verlag, with no corresponding accrual at this year end. Other payables increased to £4.1 million (2012: £1.6 million) which includes £2 million to cover the second instalment of the Fairchild Books and AVA purchase prices and increased VAT due to timing of supplier payments.

Non-current liabilities increased 34% to £6.4 million (2012: £4.7 million). Within that other payables increased to £2.5 million (2012: £0.3 million) due to the £2 million accrual of the third and final instalment of the Fairchild Books and AVA purchase price due in 2014. A £1.7 million deferred tax liability on intangible assets was recognised on the acquisition of Continuum in 2011/12. This is reducing as the relevant intangibles are amortised.

Cash

Cash and cash equivalents increased by £2.0 million in the year with net cash of £14.6 million at the year end. The net cash inflow from operating activities, including the effect of highlighted items, was £7.9 million, £2.9 million above 2011/12. Investing activities for the year ended 28 February 2013 resulted in an outflow of £2.4 million (2012: outflow £23.6 million) largely from the acquisitions of Fairchild Books and AVA and purchases of intangible assets, partly offset by the sale proceeds from the disposal of Bloomsbury Verlag; the outflow in 2011/12 included the acquisition of Continuum and refurbishment of the Group's new Head Office in Bedford Square. Fairchild Books was acquired for £3.8 million and the trade and assets of AVA for £1.8 million. Each of these acquisitions is being financed in cash in three equal annual instalments with no interest on the deferred cash payments. The £3.8 million net cash used in financing activities was made up of dividends of £3.8 million (2012: £5.7 million, made up of £2.0 million purchase of shares for the Employee Benefit Trust and a dividend of £3.7 million).

Liquidity

The Group has an unsecured credit facility with Lloyds TSB Bank. At 28 February 2013 the Group had £10 million of undrawn committed loan facility (2012: £10 million) and £2 million of undrawn overdraft facility (2012: £2 million). The overdraft facility is available until November 2013 and the loan facility matures in July 2016. The facility is subject to two covenants being a maximum net debt to EBITDA ratio and a minimum interest cover covenant.

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

Wendy Pallot ACA Finance Director

RISK FACTORS

Outlined in the table overleaf 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 43 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.

We achieve this mission through our strategy which is to:

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

Key objectives include:

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

Information of how we take account of social and environmental matters when implementing our strategy is included in Corporate Responsibility on pages 32 to 36.

Overview of Bloomsbury's processes

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

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

Book publishing

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

Bloomsbury's global production function produces books in all formats. Bloomsbury has produced e-books since 2005 and as an early adopter has benefited from the worldwide growth in e-book sales. Printed books that are sold through retail outlets are normally sold on a sale-or-return basis. The Group 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 acquisition of Continuum in July 2011 and Fairchild Books in March 2012 with their strong US footprint has enabled Bloomsbury to consolidate the academic publishing division into a substantial unified worldwide publisher with a number of market leading subject areas.
- ★ **Established business:** Bloomsbury is successfully establishing its 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.

One Global Bloomsbury

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

- ★ **Extended territorial reach of the sales and marketing teams:** Sales and marketing teams have been unified into a single global function to meet the needs of a worldwide market.
- ★ **Editorial economies of scale:** Editorial teams have an increased focus on acquiring the world rights.
- ★ **Functional economies of scale:** The 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.

Growth in emerging markets

Bloomsbury has established 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. India has one of the world's largest English speaking populations and an increasing number of highly educated readers of English.

UK head office consolidation

The Group has relocated most of the UK workforce into a single London head office supported by fewer satellite UK offices which enables common processes to be developed and economies of scale to be realised.

Worldwide systems and processes

The Group has implemented centralised publishing and finance systems worldwide across the business allowing teams to work more 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 | <i>Volatility of general trade book sales</i> | ★ Sales of general trade books for both children and adults focus on bestsellers and can be both seasonal and volatile | ★ Develop academic and professional publishing where revenues are less volatile ★ Develop other revenue streams including from rights and services |
| | <i>Increased importance of internet retailing</i> | ★ As bricks and mortar reduce in number and range, internet retailing increases in importance | ★ Increase focus on developing other marketing opportunities and other revenue streams e.g. rights and services ★ Grow e-book sales |
| | <i>Reduction in number of booksellers</i> | ★ Number of UK and US bookshops is reducing | ★ Ensure sales in the international market are maximised to reduce dependence on domestic sales in UK and US |
| | <i>Increase in sales through supermarkets and other non-traditional outlets</i> | ★ Many non-traditional retailers focus on bestsellers rather than range of titles | ★ Reduce dependence on bestsellers by developing other revenue streams e.g. academic and professional |
| | <i>Decline in high-street bookshops</i> | ★ Numbers of bookshops (both independent and chains) have declined | ★ Grow relationships with other retailers including independent booksellers, internet and supermarkets ★ Develop other revenue streams e.g. rights and services |
| Rights and Services | <i>Volatility of timing of closing rights and services deals</i> | ★ 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 average the revenue recognition start point of deals |
| | <i>Entrepreneurial risk</i> | ★ 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 | <i>Shift from print</i> | ★ E-books are increasing as a percentage of Group revenue | ★ Position Group publishing to ensure titles can be sold in digital format(s) ★ Broaden range of revenue streams e.g. subscription, rights and services |
| | <i>E-book sales plateau</i> | ★ Steep rise in e-book sales in US and UK may plateau | ★ Ensure Group is positioned to take advantage of e-book emergence in international markets ★ Use social media and other digital marketing to encourage direct sales to consumers |

| Key area | Risk | Description | Mitigation |
|-------------------|---------------------------------------|---|---|
| Title acquisition | <i>Retention of authors</i> | <ul style="list-style-type: none"> ★ Authors (especially in general trade) are usually commissioned on a book by book basis | <ul style="list-style-type: none"> ★ Broaden publishing portfolio to reduce dependence of business on bestselling authors |
| | <i>High advances sought by agents</i> | <ul style="list-style-type: none"> ★ Agents seek high advances for some authors | <ul style="list-style-type: none"> ★ Publish more non-general trade books e.g. academic and professional |
| | <i>World rights not acquired</i> | <ul style="list-style-type: none"> ★ Agents prefer to split territorial rights for English language publishing between US and UK | <ul style="list-style-type: none"> ★ Focus acquisition on titles where world English rights are available ★ Concentrate on academic publishing where world rights are the norm |
| IP and copyright | <i>Erosion of copyright</i> | <ul style="list-style-type: none"> ★ Erosion of copyright through government or other action | <ul style="list-style-type: none"> ★ Continue policy of support for copyright and intellectual property rights as a fundamental facet of publishing |
| | <i>Piracy</i> | <ul style="list-style-type: none"> ★ Piracy of titles in print or digital form | <ul style="list-style-type: none"> ★ Adopt robust anti-piracy policies ★ Ensure good digital rights management protection of e-books and digital formats ★ Participate in key industry anti-piracy initiatives |

CORPORATE RESPONSIBILITY

Bloomsbury's core business is the worldwide promotion of high quality literature and literacy for readers of all ages which in itself has a high social value. We focus on integrity in all of our activities, consider our impact on society and the environment and maintain high ethical standards. The Company continues to be included in the FTSE4good index.

The Board recognises that the achievements of the Group have depended upon the high standards of social responsibility demonstrated by the Directors and employees for more than twenty 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.

Community

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

★ *Support by Bloomsbury*

With a focus mainly on promoting literacy, we actively support numerous organisations including schools and libraries and other good causes such as Booktrust, Barnado's, Oxfam and other charities. We are a sponsor and partner of World Book Day which was established in 1995 by UNESCO with the objective of promoting and celebrating books and reading amongst children and adults. We typically donate, or provide at a substantial discount, over 100,000 books annually which includes donations by our overseas and UK offices of mainstream titles. For example, we donated books by some of Bloomsbury's leading female authors to charities supporting education as part of International Women's Day, we donated signed copies of books by leading authors for charity auctions and have supported the Booktrust who give every child starting secondary school a free book.

We make minor cash donations to charities and not-for-profit organisations that support literature, education and literacy which has included Book Aid International, The Charleston Trust, the Independent Publishers Guild and other charities that meet our specific criteria.

★ *Support by employees of Bloomsbury*

Our business has a strong team of employees who are passionate about literacy and literature with a relatively high proportion of women. A number of our employees, both privately and through a Bloomsbury coordinator of a reading in schools project, are involved in formal volunteer reading schemes and regularly attend state schools. These schemes provide lunchtime supervised reading support to young readers who are often from backgrounds where their opportunities to develop reading skills may be hindered.

Other employees are involved with a number of formal voluntary activities promoting literacy such as in voluntary associations for editors promoting the publication of children's books; in workshops in schools for young aspiring journalists, magazine editors and writers; in supporting associations for dyslexic children; in supporting the updating of a number of school libraries; or in arranging visits by authors to talk at schools. Other employees voluntarily assist schools with numerous activities such as interview practice, presentations on working in publishing and writing and producing musicals for primary schools.

Groups of employees around the business regularly participate in a wide range of fund raising events for good causes and charities such as sponsored runs, cycling challenges for Book Aid, bake sales and other employee inspired activities. Privately, Bloomsbury people actively give their time and support to a wide range of good causes.

Employees

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. We have a diverse workforce and management team led by a diverse Board, of which one third of the members are women, and a senior management team comprising a majority of women.

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 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, headcount, pay rates and other KPIs but the Group does not disclose these for commercial reasons that are in the interest of the shareholders.

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

- ★ **Openness:** Bloomsbury provides a high degree of openness and transparency on its activities and performance through information provided to employees. Employees are kept updated daily, weekly and monthly on sales, book releases, project achievements, corporate news and feedback from external media and other sources. The Bloomsbury Institute arranges regular events which enable staff to meet socially. Weekly and other regular team meetings and internal annual conferences bring employees together from across the Group's worldwide sites allowing team members to formally and informally share information about the business and develop strong working relationships.
- ★ **Engagement:** we promote a friendly collegiate culture in which employees are encouraged to discuss their concerns and issues with their line managers and senior colleagues. The senior management team meets frequently to discuss employee matters and is supported by regular operational meetings attended by managers covering all the Group's worldwide sites.
- ★ **Ethical behaviour:** we expect employees, Directors, subcontractors and others to exercise the highest ethical standards at all times in respect of the relationships and dealings Bloomsbury has with its customers, authors and agents, suppliers and other third parties. Bloomsbury has whistleblower procedures which it publishes at www.bloomsbury-ir.co.uk enabling employees to have their concerns confidentially addressed. It also has a formal policy on ethical behaviour which is included within employment terms.
- ★ **Employee development:** Bloomsbury is acquisitive and has benefited from an intake of high calibre entrepreneurs who support the Group's capacity to innovate. The Group develops its management structure to serve the changing needs of customers and authors. This creates opportunities for suitably high calibre individuals to progress to increasing levels of seniority as they gain capabilities and expertise. External recruitment is supported by a Human Resources function enabling vacancies across sites worldwide to be filled internally where employees of an appropriately high calibre seek new opportunities.
- ★ **Performance and merit:** senior employees agree personal objectives and are rewarded based on performance determined by business results and appraisals. Senior managers are accountable for the performance of their teams and determine the most appropriate approach to performance management for each team. Promotions and external recruitment are based on merit and ensure that the most suitable person is selected for 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 employees 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.

CORPORATE RESPONSIBILITY

- ★ **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.
- ★ **Health and safety:** The Company Secretary reporting to the Chief Executive in respect of Health and Safety ('H&S') heads an H&S team that ensures Group-wide compliance with H&S policy. H&S incident reports are reviewed by the Board and at senior team meetings. The H&S team works closely with management and employees to ensure that the H&S policy is effectively communicated, implemented and maintained across the business. Managers of the worldwide sites are accountable for ensuring their areas of the business are in compliance with H&S policy.

Health and safety

The Group maintains risk assessments and accident books at its locations and staff are encouraged to report all accidents or near misses. The Board reviews health and safety annually. During the year there were no fatalities or serious injuries. Accidents reported have typically included infrequent bumps and scalds 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 we subcontract to our suppliers including the printing, production, distribution, recycling and disposal of printed books. Bloomsbury also has office based information product development, editorial, sales and administrative activities which operate through an employee workforce based at offices in the UK, US (mainly in 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 will save on using natural resources and have very little environmental impact. Our strategy embraces digital publishing and the potential benefits this may bring to the environment.
- ★ **Book printing:** we monitor the impact of our major suppliers and engage with them to reduce environmental impact where possible. We stipulate that the pulp used to produce the papers for our books comes from well-managed forests and encourage our suppliers to obtain Forest Stewardship Council (FSC) accreditation and use FSC certified papers. The majority of our UK and European suppliers are FSC chain of custody certified as are several of our main colour printers in Asia.
- ★ **Building and office facilities:** most of our employees travel to work by public transport and we support part-time and home-working. For most employees we have implemented separate recycling bins for different waste materials so that a significant proportion of our office waste is recycled. 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 implemented their recommendations to reduce our carbon footprint. For example, we use point of use instead of bottled water coolers, fit energy efficient lamps, ensure heating systems are regularly maintained and programmed efficiently and turn off unnecessary electrical equipment out of hours amongst other measures.

Environmental targets

Our target is to beat the average greenhouse gas and waste production per employee for the previous 2 years. By doing so we are focussed on continuously reducing the consumption of natural resources per employee.

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. In recent years we have changed the main office buildings in London, New York, India and Sydney which has impacted on our environmental performance.

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.

Scope 1 Direct impacts

| Greenhouse Gases | Definition | Data Source and Calculation Methods | Quantity | | | |
|----------------------|---|--|------------------------------------|------|----------------------------------|------|
| | | | Absolute Tonnes CO ₂ -e | | Normalised Tonnes Per £m revenue | |
| | | | 12 months to 29/28 Feb | | 12 months to 29/28 Feb | |
| | | | 2012 | 2013 | 2012 | 2013 |
| Building operations | Emissions from natural gas consumption in utility boilers | Yearly consumption in kWh collected from fuel bills, converted according to DEFRA Guidelines for the London and India offices. Data scaled up by number of employees to estimate emissions for operations in the rest of the UK, US and Australia. | 69 | 55 | 0.66 | 0.56 |
| Company cars | Emissions from petrol consumption | Yearly consumption in litres calculated from fuel bills. Converted according to DEFRA Guidelines. Estimated for Australia based on last year's figure. | 45 | 37 | 0.42 | 0.38 |
| Total Scope 1 | | | 114 | 92 | 1.08 | 0.94 |

CORPORATE RESPONSIBILITY

Scope 2 Supply chain impacts (purchased electricity)

| Greenhouse Gases | Definition | Data Source and Calculation Methods | Quantity | | | |
|------------------|---|--|------------------------------------|------|----------------------------------|------|
| | | | Absolute Tonnes CO ₂ -e | | Normalised Tonnes Per £m revenue | |
| | | | 12 months to 29/28 Feb | | 12 months to 29/28 Feb | |
| | | | 2012 | 2013 | 2012 | 2013 |
| Electricity use | Directly purchased electricity, which generates Greenhouse Gases including CO ₂ -e emissions | Yearly consumption of directly purchased electricity in kWh collected for the London and India offices. Data scaled up by number of employees to estimate emissions for operations in the rest of the UK, US and Australia. KWhs converted according to DEFRA and national emission factor values. | 687 | 397 | 6.55 | 4.05 |

Waste

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

| Waste | Definition | Data Source and Calculation Methods | Quantity | | | |
|----------|--|---|------------------------|------|----------------------------------|------|
| | | | Absolute Tonnes | | Normalised Tonnes Per £m revenue | |
| | | | 12 months to 29/28 Feb | | 12 months to 29/28 Feb | |
| | | | 2012 | 2013 | 2012 | 2013 |
| Landfill | General office waste (which includes a mixture of paper, card, wood, plastics and metals) sent to landfill sites | Volume of waste generated per annum in India, the London offices and some UK sites. Data scaled to estimate volume for operations in the rest of the UK, US and Australia. | 71.6 | 80.8 | 0.68 | 0.82 |
| Recycled | General office waste sent to recycling facilities | Volume of waste generated per annum as calculated by waste hauler from India, the London office and some UK sites. Data scaled to estimate volume for operations in the rest of the UK, Australia and the US. | 55.8 | 54.7 | 0.53 | 0.56 |

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 over 1,000 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, Board Member of the Churchill Centre, Member of the Visiting Committees of Cambridge University Library and Qatar University Library.

Wendy Pallot

Finance Director

Wendy Pallot is a graduate Chartered Accountant who qualified with Coopers & Lybrand with whom she spent eight years. 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, a member of the UK Literary Heritage Committee, visiting Professor at the University of the Arts London, Director of the Federation of European Publishers and the International Publishers Association. He was President of the Publishers Association and a Non-Executive Director of Melbourne University Publishing. He has an MA from Trinity College, Cambridge 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

Jeremy Wilson

Independent Non-Executive Chairman

Jeremy Wilson joined the Bloomsbury Board as an Independent Non-Executive Director in November 2005 and was appointed Independent Non-Executive Chairman on 27 September 2007. He is also Vice Chairman, Corporate Banking at Barclays Bank plc. He joined Barclays in 1972. During his career at Barclays, Jeremy Wilson has held a variety of senior positions, both in the UK and abroad, and has been responsible for major corporate and institutional client business. He is Chairman of Barclays Bank of Egypt, Chairman of the Banking Environment Initiative, Chairman of the Payments Industry Government Co-ordination Committee, a Director of TheCityUK and Chairman of its Audit Committee and is responsible for a number of other Financial Service and industry initiatives within the UK and globally. He has been Chairman of CHAPS Co, and Chairman of BAFT-IFSA, the global transaction banking industry body.

BOARD OF DIRECTORS

Non-Executive Directors

Ian Cormack

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

Ian Cormack joined the Bloomsbury Board on 1 January 2011, is the Senior Independent Director and is 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) and the Qatar Financial Centre Authority. He is currently Chairman of Maven Income & Company VCT4 Plc, Senior Independent Director for the Partnership Assurance Group Ltd and Xchanging Plc and an Independent Director of several other organisations including Phoenix Group Holdings, Arria NLG Ltd and 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.

Sarah Jane Thomson

Independent Non-Executive Director
Chair of the Remuneration Committee

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

Board Officer – Group Company Secretary

Michael Daykin

Michael Daykin is a graduate Chartered Company Secretary (FCIS) and Chartered Accountant (FCA) and joined as company secretary in February 2011. He has held Group Company Secretary and senior roles in a number of UK main market listed companies.

Membership of Board Subcommittees

In respect of the year the membership of Board Sub-committees was as follows:

| Committee | Members | | Date appointed | Date resigned |
|------------------------|--------------------|-----------------------------|------------------------|----------------|
| Board | Jeremy Wilson | Chairman of the Board | 24 November 2005 | – |
| | Nigel Newton | Chief Executive | 31 January 1986 | – |
| | Ian Cormack | Senior Independent Director | 1 January 2011 | – |
| | Sarah Jane Thomson | Independent Director | 28 May 2010 | – |
| | Richard Charkin | Executive Director | 1 October 2007 | – |
| | Wendy Pallot | Finance Director | 8 April 2011 | – |
| | Audit Committee | Ian Cormack | Chair of the Committee | 1 January 2011 |
| | Sarah Jane Thomson | | 28 May 2010 | – |
| Remuneration Committee | Sarah Jane Thomson | Chair of the Committee | 28 May 2010 | – |
| | Jeremy Wilson | | 24 November 2005 | – |
| | Ian Cormack | | 1 January 2011 | – |
| Nomination Committee | Nigel Newton | Chair of the Committee | 20 September 2004 | – |
| | Jeremy Wilson | | 24 November 2005 | – |
| | Ian Cormack | | 1 January 2011 | – |
| | Sarah Jane Thomson | | 28 May 2010 | – |

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the Bloomsbury Publishing Plc and its subsidiary companies ('Group') for the year ended 28 February 2013.

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.

In accordance with the requirements of the Companies Act, the Group is required to produce a fair view of the business, including a description of the principal risks and uncertainties facing the Group. This is set out in the Overview, the Business Review and the Governance sections on pages 1 to 68 all of which are incorporated into this Directors' Report by reference.

Corporate Responsibility

A summary of the Group's corporate responsibility activities is contained on pages 32 to 36, which forms part of the Directors' Report.

Corporate Governance

The Group's report relating to the UK Corporate Governance Code disclosures is contained on pages 45 to 52 and forms part of the Directors' Report.

Principal activities

The principal activities of the Group are the publication of books, the development of electronic information products and reference databases, the provision of managed services and related activities.

Overseas activities

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

Results

The Key Performance Indicators for the Group include Profit before tax and highlighted items, Revenue and Profit Before Tax which are set out in the Financial Review on pages 21 to 27. Profit After Tax for the Group's continuing and discontinued operations for the year was £7.5m (2012: £3.4m).

The Directors recommend a final dividend of 4.56p (2012: 4.31p) per share payable on 24 September 2013 to shareholders on the register at the close of business on 30 August 2013. The dividends paid and proposed by the Company for the year ended 28 February 2013 and year ended 29 February 2012 are as follows:

| Dividend | Dividend per share | Dividend cost | Record date | Paid/ payable date |
|-----------------------|--------------------|---------------|-----------------|--------------------|
| 2013 Final (proposed) | 4.56p | £3.3m | 30 August 2013 | 24 September 2013 |
| 2013 Interim | 0.94p | £0.7m | 2 November 2012 | 30 November 2012 |
| Total | 5.50p | £4.0m | | |
| 2012 Final | 4.31p | £3.1m | 31 August 2012 | 25 September 2012 |
| 2012 Interim | 0.89p | £0.7m | 4 November 2011 | 30 November 2011 |
| Total | 5.20p | £3.8m | | |

DIRECTORS' REPORT

Directors

The names of the Directors as at the date of this report, together with biographical details, are set out on pages 37 and 38, which forms part of the Directors' Report. The Directors serving on the Board of the Company during the year were as follows:

| | Date appointed | Date resigned |
|---|-------------------|------------------|
| Executive Directors | | |
| Nigel Newton | – | – |
| Richard Charkin | – | – |
| Wendy Pallot | – | – |
| Chairman and Independent Non-Executive Directors | | |
| Jeremy Wilson | – | – |
| Ian Cormack | – | – |
| Sarah Jane Thomson | – | – |

Details of Directors' service contracts and Directors' interests in shares, awards and options are shown in the Directors' Remuneration Report on pages 53 to 68. 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.

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

The effect of the Company's Articles of Association is to require that at least approximately one third of Directors who have remained in office for the longest period since being elected or re-elected and any Director who did not stand for re-election in either of the two preceding Annual General Meetings ('AGM's) must retire by rotation. The articles also require that new Directors appointed by the Board must offer themselves for re-election at the next Annual General Meeting. Accordingly, Wendy Pallot and Jeremy Wilson retire by rotation at the forthcoming Annual General Meeting. Both these Directors, being eligible, offer themselves for re-election. The Chairman on behalf of the Board confirms that each of the Directors 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).

The terms of termination of the Directors' contracts are described in the Directors' Remuneration Report set out in pages 53 to 68 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.

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 annual basis.

Charitable and political donations

The Group made no charitable donations in respect of the year (2012: £15,000). 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 32 to 36.

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

Payment policy for suppliers

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

At 28 February 2013 the number of days' credit taken for purchases by the Group was 84 days (2012: 82 days).

Financial instruments

Details of financial risk management are given in note 23.

Share capital and rights attaching to the Company's shares

The share capital of the Company comprises a single class of ordinary 1.25p shares ('Ordinary shares'). As at the date of this Directors' Report, there were 73,844,724 fully paid issued shares, all listed on the London Stock Exchange, with a further 24,614,880 Ordinary shares that the Directors are authorised to issue. Details of the issued share capital of the Company can be found in note 20 together with details of the shares issued and cancelled during the year.

No Ordinary shares carry special rights with regard to control of the Company. At a general meeting of the Company every member has one vote on a show of hands and on a poll one vote for each share held. The notice of 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 2011 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.

DIRECTORS' REPORT

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 2013 Annual General Meeting and explanatory foreword to the meeting on pages 137 to 143 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-preemptive basis; and

- ★ a special resolution renewing the authority given to the Directors to purchase the Company's own shares on the stock market.

Employee Benefit Trust

Throughout the financial year, Ogier Employee Benefit Trustee Limited ('Trustee') acted as the trustee of the Bloomsbury Employee Benefit Trust ('EBT'). As at 28 February 2013 the EBT held 1,265,313 ordinary shares of 1.25 pence in the Company being approximately 1.7% of the issued ordinary share capital. The EBT did not make any purchases of shares in the Company between 28 February 2013 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 as at 31 May 2013 (being the latest practical dates) are set out below:

| | Ordinary shares number | % issued shares ⁽¹⁾ |
|---------------------------------------|------------------------------|-----------------------------------|
| Managed funds | | |
| BlackRock | 7,335,535 | 9.9% |
| Schroder Investment Management | 7,275,320 | 9.9% |
| Liontrust Asset Management | 6,921,138 | 9.4% |
| Aberdeen Asset Management | 6,405,000 | 8.7% |
| Standard Life Investments | 6,087,031 | 8.2% |
| Charles Stanley, stockbrokers | 3,617,636 | 4.9% |
| Legal & General Investment Management | 3,327,352 | 4.5% |
| Mitton Capital Partners | 2,448,013 | 3.3% |

⁽¹⁾ Based on 73,844,724 issued shares.

Changes of control

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

The Company's share incentive schemes contain provisions relating to a change of control of the Company following a takeover bid (see note 21 for further details of the share incentive schemes). Under these provisions, a change of control of the Company would normally be a vesting event, facilitating the exercise of awards, typically subject to the discretion of the Remuneration Committee.

Contracts and arrangements essential to the business

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

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

Future developments

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

Going concern

After making enquiries the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for 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 2c) of the significant accounting policies on page 76.

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 28 to 31. 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 Baker Tilly UK Audit LLP as auditor will be proposed at the forthcoming Annual General Meeting.

b) Statement as to Disclosure of Information to the Auditor

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

DIRECTORS' REPORT

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare Group and Company financial statements for each financial period. The Directors are required under the Listing Rules of the Financial 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.

Directors' statement pursuant to the Disclosure and Transparency Rules

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

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

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

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

Annual General Meeting

The notice of the 2013 Annual General Meeting of Bloomsbury Publishing Plc is set in pages 140 to 143. An explanation of the resolutions to be put to shareholders at the Annual General Meeting on 23 July 2013 is set out on pages 137 to 139 which forms part of this Directors Report.

By order of the Board

Michael Daykin
Company Secretary
12 June 2013

CORPORATE GOVERNANCE

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

The Company's compliance throughout the year with the main principles of The UK Corporate Governance Code (September 2012) in addition to the Listing Rules of the Financial Conduct Authority is set out below. The UK Corporate Governance Code is also published on the Financial Reporting Council's website (www.frc.org.uk).

Confirmation of compliance with the code

The Board confirms that it has applied the principles and complied fully with all provisions of the code in respect of the year ended 28 February 2013 except for the following provisions:

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

During the year the Board instigated a recurring formal review of the structure of the Committee as an item on the Board's agenda. The Board concluded from this review that the Committee continues to ensure that the best interests of the shareholders are served. The Board considers that the Main Principle and Supporting Principles of B.2 are applied effectively.

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

- ★ B.2.3 requires that Non-Executive Directors should be appointed for specified periods. The letter of appointment for the Chairman of the Board, Jeremy Wilson, dated 31 October 2007 specifies that the appointment may be terminated by the Director or company on a fixed notice period of 3 months. However the letter does not specify a fixed renewal period for the appointment. The Board considers that provision B.2.3 has been complied with fully in all other respects.

During the year the Board reviewed the appointment terms for Jeremy Wilson as an item on the agenda. The Board concluded that amending these terms to include a fixed renewal period, for example three years, would have no practical effect or benefit to the shareholders. The Board reviews the renewal of the Chairman's appointment regularly through the Director retiring by rotation and being submitted for re-election at Annual General Meetings. Bloomsbury's annual board evaluation assesses the ongoing performance of the Chairman. Further, the Board ensures there is planned and progressive refreshing of the Board.

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 Independent Non-Executive Director, the Chief Executive, the Finance Director and a further Executive Director. The biographies of the Directors appears on pages 37 and 38.

The Board met for eight main Board meetings during the year with an additional five meetings called during the year for the Board to consider specific matters. The agendas for main Board meetings provide standing agenda items for each Director to provide updates on their area of responsibility. Board meetings included reviewing the Company's strategic direction, operating and financial performance and overseeing that the Company is adequately resourced and effectively controlled.

CORPORATE GOVERNANCE

The Board has approved the matters specifically reserved for consideration by the Board. The Board determines the responsibilities and authority of its sub-committees, individual Directors and the level of authorities delegated to the management of the business. The Audit Committee, Nomination Committee and Remuneration Committee have terms of reference approved by the Board that can be found on the Company's website, www.bloomsbury-ir.co.uk.

Matters considered at Board meetings during the year have typically included:

- ★ Review and setting of strategy for the Company's operations.
- ★ Review of the management accounts, key performance indicators and full year forecasts.
- ★ Approval of the annual and interim results and Interim Management Statements.
- ★ Review and approval of annual budgets.
- ★ Regular reports by the Chief Executive, proposals and updates on developing business operations, significant investments, major initiatives, other organisational changes and health and safety.
- ★ Reports of the chairs of sub-committees and minutes following 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.
- ★ Evaluation of the effectiveness of the Board including the appropriateness of the terms of reference of sub-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 sub-committees have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and advising the Board, through the Chairman, on governance matters. They also have access to independent professional advice, if required, at the Company's expense.

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

Policy on Board diversity

On average for the year women have comprised one third of the Board which is significantly ahead of the minimum target representation level to be achieved by 2015 as recommended by the Davies Review.

The policy of the Board is that all directors should be appointed purely on merit whatever their gender or background. The Board has set a target that a minimum of one third of Board Directors together with members of the senior management team should be women. The present Board and senior management team exceeds the target.

Director independence

The Board considers each of the three Non-Executive Directors, including the Non-Executive Chairman, 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 sub-committee meetings during the year ended 28 February 2013. Further meetings of the Directors in addition to the figures included in the table below were convened during the year to consider specific issues:

| | Board | Remuneration | Audit | Nomination |
|--|-------|------------------|------------------|------------|
| Total number of meetings during the year | 8 | 6 | 3 | 1 |
| Executive Directors | | | | |
| Nigel Newton (Chief Executive) | 8 | – | 3 ^[1] | 1 |
| Richard Charkin | 8 | – | 2 ^[1] | – |
| Wendy Pallot | 8 | 1 ^[1] | 3 ^[1] | – |
| Non-Executive Directors | | | | |
| Jeremy Wilson (Chairman of the Board) | 8 | 6 | 3 ^[1] | 1 |
| Sarah Jane Thomson | 8 | 6 | 3 | 1 |
| Ian Cormack | 8 | 6 | 3 | 1 |

^[1] Not a member of the sub-committee. Attended sub-committee meetings as a guest of the chair of the Committee.

Board evaluation

The Board conducts a formal evaluation annually which 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 of Directors with the Chairman to review the Board processes using evaluation questionnaires to facilitate discussion
- ★ the Chairman holds a further round of one-to-one appraisal interviews to review the performance of each Director as a Plc Board Director
- ★ the Chair of each sub-committee leads the evaluation of their committee
- ★ the Chief Executive conducts additional management performance 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 sub-committees and the processes supporting the Board
- ★ the Chairman may hold further one-to-one interviews with Directors to follow up issues and actions

The performance evaluation of the Chairman is led by the Senior Independent Director. The evaluation is undertaken using assessment questionnaires and an 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 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 by other Directors. The Board monitors progress with implementing the actions.

The performance of the Board sub-committees is evaluated annually using detailed assessment questionnaires which review the performance of the committees against best practice. The questionnaires are completed as appropriate by the Non-Executive and Executive Directors, the External Auditor and Company Secretary. The Company Secretary collates a report of anonymous responses to questionnaires from which recommended improvements to committee processes are agreed by the committees and the Board. Each sub-committee considers its terms of reference and adherence to the terms of reference at least annually and, if considered necessary, recommends changes for the Board to approve.

CORPORATE GOVERNANCE

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

Training and development of the Directors

The Board evaluation including director appraisals by the Chairman considers whether each Director has refreshed their skills and knowledge sufficiently and provides an opportunity for Directors to identify where training and development can assist them in the performance of their duties. Development may include, for example, meetings with senior managers to gain an improved understanding of the business.

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

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

Remuneration Committee

The Remuneration Committee comprises the two Independent Non-Executive Directors and Chairman of the Board and is chaired by Sarah Jane Thomson. The Committee met six times during the year.

The Committee formulates and recommends to the Board the policy for the remuneration of the Executive Directors including the Chief Executive and Chairman of the Board. It approves the design of, and determines the targets for, the short-term and long-term incentive schemes for the Executive Directors and the senior management team. The remuneration of the Non-Executive Directors is determined jointly by the Chairman and the Executive Directors and the remuneration of the Chairman is determined by the Board excluding the Chairman. The Committee is supported by remuneration consultants New Bridge Street who work exclusively for the Committee and have no other commercial connection with the Company. A statement to this effect is included on the Company's website, www.bloomsbury-ir.co.uk.

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

During the year there were no new long-term incentive schemes (as defined in the Listing Rules) or significant changes to existing schemes. However, the Board would seek the approval of the shareholders for new long-term incentive schemes and significant changes to existing schemes.

Audit Committee

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

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

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

The Committee 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 evaluates the effectiveness of the internal auditor and approves the appointment and removal of the Head of Internal Audit.

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

The Committee 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'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.

Significant issues in relation to the financial statements

The Committee identifies issues that could be significant to the financial statements by considering financial reporting risk assessments and reports on the internal controls from the Finance Director, a separate detailed group risk evaluation by the senior management team, internal audit reports, audit planning discussions with the External Auditor, discussions with management and the Committee's cumulative knowledge of the business. At least one Committee meeting per year focuses primarily on planning the external audit enabling the Committee to review the level of assurance provided by the External Auditor on significant areas.

Areas identified as having the potential to significantly affect the financial statements include ensuring

- ★ printed book returns from retailers are accounted for in the right accounting period
- ★ goodwill and intangible assets arising from acquisitions are supported
- ★ advances to authors held as an asset in the balance sheet are recoverable from royalties on future book sales
- ★ investments in and receivables from group undertakings are recoverable
- ★ revenue on rights and services projects is recognised in the right accounting period

For each area the Committee considers management's approach and reviews the external audit plan with the External Auditor together with the findings from the external audit. As a standing item, each Committee meeting agenda includes a discussion with the External Auditor without management present which provides the opportunity for the Committee and External Auditor to raise any concerns that they may have.

Assessment of the effectiveness of the external audit process

The Committee has reviewed and assessed the effectiveness of the audit process as an item on the agenda for a Committee meeting. The review considered the procedures and independence of the External Auditor, the Financial Reporting Council findings for the review of External Auditor, the latest Transparency Report of the External Auditor and the external audit plan. The annual Board evaluation of the Board and Audit Committee reviewed the effectiveness of how the external audit process integrated with the business process for the Group.

Appointment of the External Auditor

The Committee monitors the independence and objectivity of the External Auditor, ensuring that key audit partners are rotated at appropriate intervals. The Shareholders first approved the re-appointment of Baker Tilly as the External Auditor at the Annual General Meeting held 27 June 2002. Supported by the Board, the Committee anticipates tendering the appointment of the External Auditor after the Annual General Meeting.

CORPORATE GOVERNANCE

Non-audit services

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

Nomination Committee

The Committee comprises three Independent Non-Executive Directors, including the Chairman of the Board, and the Chief Executive who chairs the Committee. The Committee met once during the year.

The Committee operates under terms of reference agreed by the whole Board, and which are available on the Company's website. 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

Appointment of new Directors

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

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

The Chairman ensures that new Directors receive a full, formal and tailored induction on joining the Board. Newly appointed Directors are provided with the opportunity to meet major shareholders as part of the investor relations programme of the Company.

Re-election of Directors

All Directors are subject to appointment by the shareholders at the first Annual General Meeting after their appointment, and reappointment thereafter at intervals of no more than three years. Non-Executive Directors are appointed for an initial period of three years, subject to reappointment and a notice period by the Company or the Director (notice periods are set out in the Directors' Remuneration Report on pages 53 to 68). A policy is followed of progressive refreshing of the Board and the Independent Non-Executive Directors can be expected to retire from the Board no later than during the third three year period or earlier if appropriate.

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

The Company maintains an active dialogue with its institutional shareholders and City analysts through a planned programme of investor relations. The programme includes formal presentations of results and post results meetings with the major shareholders and other investors who request meetings. The presentations are made available on the website www.bloomsbury-ir.co.uk. The meetings and presentations provide an opportunity for shareholders to ask questions and to meet the Executive Directors including the Chief Executive and Non-Executive Directors including the Senior Independent Director. The outcome of regular meetings with the main shareholders, presentations and post results meetings is reported to the Board. This includes both feedback from individual Directors and feedback collated from discussions by the Company's corporate broker with the main shareholders. The Company's corporate broker provides regular shareholder analysis to the Board. 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 annually to the major shareholders inviting them to meet to discuss governance and strategy and to review with them the Company's performance. The Chairman has met with a number of shareholders in respect of the year.

Meetings on corporate governance with major shareholders

The Company requests meetings with 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.

Internal control and risk management

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

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

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

The Board has put in place an 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.

CORPORATE GOVERNANCE

Risk and control review: The Company maintains risk logs and a risk matrix supported by risk reviews by management and the Internal Auditor. The Executive Committee (which comprises the senior management team and Executive Directors) and Board have reviewed the significant risks and ensure appropriate action is being taken to address the risks. The Audit Committee has reviewed the Company's financial risk matrix of areas that could impact on reporting when considering the financial statements.

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

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

Financial management reporting: The Board approves the annual Group budget. Sales are reported daily, weekly and monthly. Financial results of the business operations are reported monthly and compared to budgets. The Group has a yearly forecast and variances in the forecast are analysed monthly. 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 in the balance sheet as a percentage of net assets and for the total committed but not paid 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. Each overseas office has a local manager or managing director who is responsible for operational effectiveness and local internal controls. Detailed operational and financial performance data are monitored by supervisory management to ensure the performance of operations is in line with targets. The reasons for variances and under performance are established by supervisory line management.

Internal Audit: An 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 Company Secretary is the Head of Internal Audit and reports to the Chair of the Audit Committee and the Chief Executive in respect of risk management and internal audit work.

By order of the Board

Michael Daykin
Group Company Secretary
12 June 2013

DIRECTORS' REMUNERATION REPORT

Report of the Chair of the Remuneration Committee

Dear Shareholder

I am delighted to present the Directors' Remuneration Report for Bloomsbury Publishing Plc for the year ended 28 February 2013 (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. As required by the Companies Act 2006 (the 'Act'), a resolution to approve the Report will be proposed at the Annual General Meeting.

The Committee has adopted the principles of good governance relating to Directors' Remuneration as set out in the UK Corporate Governance Code (the 'Code'). The report complies with the Act and the Listing Rules of the Financial Conduct Authority. The Company has complied with the provisions of the Code relating to Directors' Remuneration throughout the year.

The Report incorporates a number of changes in the spirit of the forthcoming legislation on Directors' pay, as developed by the Department of Business, Innovation and Skills ('BIS'). The Company will be required to adopt the new legislation in full for the 2013/14 Remuneration Report.

Consistent with the draft BIS proposals, the Report is split into two sections (see below):

- ★ Part A, the *Remuneration Policy Report*, which sets out the policy on the remuneration of the Executive and Non-Executive Directors, and
- ★ Part B, the *Implementation Report*, which discloses how the Remuneration Policy has been implemented for the year ended 28 February 2013.

The Act requires the External Auditor to state whether, in their opinion, certain parts of the Report have been properly prepared in accordance with the applicable regulations. Part B-1 has been audited while Part A and Part B-2 are not subject to audit.

Key message and changes during the year

Bloomsbury delivered another good set of results for the year against the background of a rapidly evolving publishing market place and the generally slow economic environment in many areas of the world. The Committee recognises the strong performance and hard work of an exceptional management team in their delivery of the Board's strategic aims which are set out in the Overview and Business Review sections of the Annual Report on pages 2 to 36.

In applying the Remuneration Policy (see below) 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.

During of the financial year ended 28 February 2013 the Committee:

Fixed pay and annual bonus

- ★ Approved no increase in basic salaries for Executive Directors in respect of the year ended 28 February 2014 in line with a pay freeze for higher paid employees across the Group;
- ★ Approved that bonuses should not be paid for Executive Directors and the senior management team. The Committee sets stretching targets for an annual bonus taking account of the performance needed to beat both the consensus forecast of City analysts and stretching operational targets. Whilst the strong results for the year achieved by the management team came close to hitting the threshold bonus target, no bonuses will be payable;

Long Term Incentive Plan

- ★ Approved the grant of 2012 LTIP awards to the Executive Directors and senior managers with vesting targets that ensure stretching performance is required for minimum threshold vesting and that the highest levels of performance are required for full vesting;
- ★ Approved vesting restricted to a level of 50% for the LTIP awards granted in 2009;

DIRECTORS' REMUNERATION REPORT

Remuneration process and corporate governance

- ★ From listening to the feedback received from shareholders and the shareholder corporate governance community:
 - Introduced Executive Director Share Ownership Guidelines;
 - Amended the Remuneration Policy for LTIP awards granted with TSR performance conditions to reduce the level of minimum threshold vesting in line with best practice;
 - Reduced the number of vesting thresholds for awards granted with EPS performance conditions;
- ★ Reviewed the structure of Executive Director remuneration and concluded that the levels as a percentage of basic salary for LTIP awards under the Remuneration Policy continue to provide an appropriate incentive to attract, retain and motivate the Executive Directors to achieve the highest levels of performance that is aligned with the longer-term interests of the shareholders;
- ★ Considered the draft BIS proposals; and
- ★ Reviewed the Committee's procedures against its Terms of Reference, which were recently replaced with best practice terms.

Remuneration of the Chairman and Non-Executive Directors

The Board approved no increase to the annual fees of the Chairman and the Non-Executive Directors in respect of the year ended 28 February 2014.

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

Sarah Jane Thomson

Chair of the Remuneration Committee
For the year ended 28 February 2013

PART A – REMUNERATION POLICY REPORT (UNAUDITED INFORMATION)

Remuneration Committee

Membership

Throughout the year ended 28 February 2013 the Committee has comprised three Independent Non-Executive Directors, namely Sarah Jane Thomson, Ian Cormack and Jeremy Wilson. Sarah Jane Thomson has chaired the Committee since 28 May 2010. The Company Secretary, Michael Daykin, acts as secretary to the Committee.

Assistance to the Committee

During the year the Committee took advice from external remuneration consultants, New Bridge Street, which do not perform other services for and have no other connection with the Company. The Committee is free to choose its advisors and is satisfied that New Bridge Street continues to provide advice that is objective and independent.

The Committee received assistance from the 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.

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 below). The Committee approves all payments of bonus and the vesting of LTIP awards before payments are made for each Executive Director. The Committee approves whether Executive Directors may participate in the Company's Sharesave scheme (see below) in years when it is run.

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/vesting of all LTIP awards before payments are made.

The Committee met formally on six occasions during the year including five occasions without the Executive Directors present and on one occasion with an Executive Director attending at the request of the Committee for specific items on the agenda. New Bridge Street attends Committee

meetings where needed to provide technical support. The Committee Chair has a standing item on the agenda at each main Board meeting which provides the opportunity to update on and raise remuneration matters for discussion by the Board. Minutes of the Committee are circulated to the Board once they have been approved by the Committee.

Remuneration Policy

The fixed and variable components of the Executive Directors' remuneration are below. In determining

Remuneration Policy the Committee applies the key principles that remuneration:

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

Remuneration Policy – Summary

| Element | Purpose and link to Strategy | Operation | Maximum | Performance targets | Changes from prior policy |
|-----------------------|--|--|--|---|---|
| Salary | <ul style="list-style-type: none"> ★ Reflects the value of the individual and their role ★ Reflects skills and experience over time ★ Provides an appropriate level of basic fixed income avoiding excessive risk arising from over-reliance on variable income | <ul style="list-style-type: none"> ★ Reviewed annually, effective 1 March ★ Takes periodic account against companies with similar characteristics and sector comparators | <ul style="list-style-type: none"> ★ Annual increases typically linked to those of the wider workforce ★ Where salaries are below market levels (e.g. upon promotion), higher increases may be awarded where appropriate | ★ N/A | ★ None. No increases were awarded from 1 March 2013 |
| Annual Bonus | <ul style="list-style-type: none"> ★ Incentivises annual delivery of financial and strategic goals ★ Maximum bonus only payable for achieving demanding targets | <ul style="list-style-type: none"> ★ Paid in cash ★ Not pensionable | ★ 100% of salary | <ul style="list-style-type: none"> ★ Group profit (70%) ★ Personal objectives (10%) ★ Strategic objectives (20%) | ★ None |
| Pension | <ul style="list-style-type: none"> ★ Provides modest retirement benefits ★ Provides an opportunity for the Executive Director to contribute to their own retirement plan | <ul style="list-style-type: none"> ★ Defined contribution or salary supplement | ★ Company contributes between 10% and 15% of salary | ★ N/A | ★ None |
| Other Benefits | <ul style="list-style-type: none"> ★ Aids retention and recruitment | <ul style="list-style-type: none"> ★ Company car allowance and the provision of private medical insurance | ★ N/A | ★ N/A | ★ None |

DIRECTORS' REMUNERATION REPORT

| Element | Purpose and link to Strategy | Operation | Maximum | Performance targets | Changes from prior policy |
|------------------------------------|--|--|---|---|---|
| Long Term Incentive Plan | <ul style="list-style-type: none"> Aligns to main strategic objectives of delivering sustainable profit growth and shareholder return | <ul style="list-style-type: none"> Annual grant of nil cost options or performance shares which normally vest after 3 years subject to continued service and performance targets | <ul style="list-style-type: none"> Normal annual grant policy (% of salary) as follows: <ul style="list-style-type: none"> Chief Executive: 75% Other Executive Directors: 66% Enhanced award levels may be granted upon an Executive Director's appointment Overall award limit is 150% of salary per annum. Executive Directors also eligible to participate in the Group Sharesave on the same terms as other employees | <ul style="list-style-type: none"> LTIP performance measured over three years 50% EPS (30% of this part of the award will vest for threshold normalised 3 year EPS increasing pro-rata to 100% vesting for maximum normalised 3 year EPS) 50% TSR (30% of this part of the award will vest if the Company's TSR is equal to the TSR of the median company of the FTSE Mid-250 (excluding investment trusts), with full vesting for top quartile performance) | <ul style="list-style-type: none"> None |
| Share Ownership Guidelines | <ul style="list-style-type: none"> Aligns the interests of Executive Directors and shareholders | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> 100% of salary holding for Executive Directors | <ul style="list-style-type: none"> N/A | <ul style="list-style-type: none"> N/A |
| Non Executive Director Fees | <ul style="list-style-type: none"> Reflects time commitments of each role Reflects fees paid by similar sized companies | <ul style="list-style-type: none"> Cash fee paid monthly 3 month notice periods | <ul style="list-style-type: none"> Chairman fee is £101,000 per annum. Chair of Remuneration Committee fee is £38,000 per annum. Chair of Audit Committee and Senior Independent Director is £39,000 per annum. | <ul style="list-style-type: none"> N/A | <ul style="list-style-type: none"> None. No increases were awarded from 1 March 2013 |

It is anticipated that the above policy would also be applied to any new Executive Director.

REMUNERATION POLICY – DETAILED

1) Basic salary

Operation

Basic salaries for the Executive Directors are reviewed annually and are set at levels that take account of the performance, experience and responsibilities of each individual concerned having regard to the prevailing market conditions and the budgeted annual increase in basic salaries for Bloomsbury employees generally. On appointment, the basic salaries for Executive Directors take account of appropriate market competitive ranges from companies of a similar size and complexity. The Committee determines as a proportion of basic salary the level of opportunity to earn a performance related annual bonus, the level of opportunity to earn long-term incentive awards and Company contributions to a contributory pension scheme.

Levels of basic salary

In respect of the year ended 28 February 2014, the Group's lower paid employees are budgeted to receive pay increases in line with the publishing industry. Increases for higher paid employees have been limited to 0% subject to adjustments for promotions. This should increase the significance of performance related pay to managers across the business.

The current basic salaries for the Executive Directors are as follows:

| | From 1 March 2013 £'000 | From 1 March 2012 £'000 |
|--------------------|----------------------------------|----------------------------------|
| Executive Director | | |
| Nigel Newton | 395 | 395 |
| Richard Charkin | 323 | 323 |
| Wendy Pallot | 226 | 226 |

2) Pension contributions

Executive Directors may receive contributions from the Company to their contributory pensions schemes based on a percentage, determined by the Committee, of their basic salary. The rates of pension contributions are:

| Executive Director | Pension contribution to contributory scheme (% of basic salary) |
|--------------------|--|
| Nigel Newton | 15% |
| Wendy Pallot | 10% |
| Richard Charkin | 0% ^[1] |

^[1] On his appointment, the basic salary of Richard Charkin included an allowance in lieu of pension at a level of 10% of basic salary excluding pension. No further pension contributions have been made by the Company to Richard Charkin.

3) Other benefits

The Company offers Executive Directors a car or a cash alternative and benefits including life assurance, permanent health cover, private medical cover and other minor benefits such as a discount on Bloomsbury books. Wendy Pallot receives a non-pensionable cash alternative of £10,000 to a car allowance. On his appointment in 2007, Richard Charkin received an uplift in basic salary of £10,000 in lieu of a car allowance.

DIRECTORS' REMUNERATION REPORT

4) Performance related annual bonus

The Committee determines the policy on an annual cash bonus scheme for the Executive Directors and the eligibility of Executive Directors to participate in the scheme. The Committee is satisfied that the annual cash bonus strongly aligns the interests of Executive Directors with those of the shareholders and that the bonus provides the Executive Directors with a strong incentive for the highest levels of performance over the coming financial year.

The annual bonus opportunity, as a percentage of basic salary for the Executive Directors, for the year just ended and for 2013/14 is as follows:

| Period end: | Actual bonus opportunities | |
|----------------------------|----------------------------|------------------|
| | 28 February 2014 | 28 February 2013 |
| Profit Related bonus | 70% | 70% |
| Personal Objectives bonus | 10% | 10% |
| Strategic Objectives bonus | 20% | 20% |
| Maximum bonus opportunity | 100% | 100% |

Operation of the bonus pool

Bonuses paid to the Executive Directors and other managers in the business are paid from a bonus pool approved by the Committee. The bonus pool is calculated by applying formulae based on Adjusted Profit and targets set by the Committee. If there is a short-fall in the bonus pool such that the pool is not sufficient to fund full bonuses then the bonuses for the Executive Directors and other managers are scaled back in proportion to the short-fall.

The Committee sets a minimum target for Adjusted Profit below which no bonuses are paid. The minimum target is in line with City analysts' key indices, namely forecast Adjusted Profit.

Profit measurement for annual cash bonus

Consistent with other UK listed companies in the media sector, the Committee considers that audited Adjusted Profit from continuing operations (that is profit from continuing operations before amortisation, highlighted items and tax) to be an appropriate financial measure for the performance targets for profit related bonus. This measure of underlying performance is consistent with the profit forecasts that City analysts publish and ensures that the majority of the annual cash bonus and the short-term financial achievement of the Executive Directors are aligned with the interests of the shareholders.

The Committee may use its independent discretion to adjust bonus payments in order to ensure they are aligned with the interests of shareholders. The Committee considers each highlighted item that is excluded from Adjusted Profit and determines whether, in the opinion of the Committee, the treatment with respect to bonus is in the interests of shareholders.

In determining whether highlighted items may be excluded from Adjusted Profit for the purposes of calculating the bonus the Committee applies the following criteria:

- ★ the highlighted items relate to important strategic steps instructed by the Board that have been taken to strengthen the business;
- ★ future profits should benefit from the investment value of the highlighted items;
- ★ failure to implement the strategic steps and incur the highlighted items would have been detrimental to the interests of the shareholders;
- ★ management has mitigated the quantum of the highlighted items; and
- ★ the highlighted items are measureable, properly accounted for and audited.

The Committee also takes account of whether highlighted items have arisen as a result of the Executive Directors achieving their personal and strategic bonus objectives approved by the Committee.

Further information on the annual bonus can be found below in Part B.

5) Long term incentive plans

The Company's primary long term incentive plan ('LTIP') is the Bloomsbury Publishing Plc 2005 Performance Share Plan which was approved by shareholders at the Annual General Meeting held on 27 September 2005. LTIP awards are made by the Committee to the Executive Directors and managers below Board level.

Details of the Directors' LTIP awards granted, vesting and outstanding for the financial year are shown below in Part B-1.

Level of LTIP awards

The policy of the Committee is to apply a maximum award level of 75% of basic salary for the Chief Executive, 66% for the other Executive Directors and lower levels for individuals below the level of the Board.

The Committee may use its discretion to approve a one-time enhanced award to an Executive Director upon their appointment to the Board. The purpose is to increase the exposure of the Executive Director to the risks and rewards of share ownership early on in their appointment so that their interests are aligned with the shareholders. The terms of the LTIP approved by the shareholders permit awards to be granted to Executive Directors and senior individuals in excess of the policy of the Committee up to a maximum level of 150% of basic salary per annum.

Executive Director LTIP award levels, as operated last year and as intended to be operated going forward, are as follows:

| | % of basic salary |
|-----------------|-------------------|
| Nigel Newton | 75% |
| Richard Charkin | 66% |
| Wendy Pallot | 66% |

Performance conditions for LTIP awards

LTIP awards are subject to two non-concurrent performance conditions, namely 50% of the awards are subject to normalised earnings per share ('EPS') targets and 50% of the awards are subject to Total Shareholder Return ('TSR') targets at the end of a three year period. LTIP awards lapse in the event that the conditions are not met at the end of the three year performance period.

The Committee has reviewed the LTIP and concluded that non-concurrent rather than concurrent EPS and TSR performance conditions provide the most effective incentive to align the long-term interests of LTIP participants with the long-term interests of the shareholders.

The Committee determines performance conditions for each LTIP award at the time of making an award.

TSR targets

The performance conditions used for outstanding LTIP awards are set out below in Part B-1. The policy for setting performance conditions for new grants of awards can be summarised as:

| Parameter | Details |
|--|--|
| Comparator group | FTSE Mid-250 excluding investment trusts |
| Duration of awards | Awards fall due for vesting on the on the third anniversary of the date of grant |
| Below threshold vesting | 0% of this part of an award vests |
| Threshold vesting | 30% of this part of an award vests |
| Maximum vesting | 100% of this part of an award vests |
| Between threshold and maximum vesting | Between 30% and 100% of this part of an award vests, pro-rata |
| TSR performance and period measurement | TSR based on share price and averaged over one to three months before the grant date and vesting date as determined by the Remuneration Committee. |

The terms of the LTIP awards permit the Committee to restrict vesting in circumstances where the Committee considers that the Company's TSR rank in the Comparator Group is not reflective of the underlying performance of the Company.

DIRECTORS' REMUNERATION REPORT

LTIP awards with EPS targets

The Committee takes the following approach to setting EPS performance targets for LTIP awards:

- ★ The threshold normalised EPS target is set with reference to City Analysts' indices for Adjusted EPS prevailing at the time the awards are granted; and
- ★ The maximum normalised EPS target is an achievable but highly stretching target based on long-term projections for the Group under different scenarios.

Vesting is on a straight line basis between threshold and maximum targets. There is no vesting below the threshold target.

Awards in previous years also contained a 'Mid Vesting' target. During the year the Committee reviewed this structure and concluded that eliminating the 'Mid Vesting' threshold made the relationship between reward and performance clearer over the full range of the EPS targets. This change applies to the 2012 LTIP and onwards.

The Committee considers that audited Adjusted diluted EPS from continuing and discontinued operations (see note 11 of the Financial Statements on page 97) remains an appropriate measure for normalised EPS performance targets for the LTIP. This measure of EPS is consistent with the forecasts for EPS published by City analysts and ensures the performance required for LTIP awards to vest is both clear to management and the shareholders and aligned with the interests of the shareholders.

The Committee considers that the absolute EPS targets provide the greatest clarity to shareholders and management on the long-term performance required in order for LTIP awards to vest.

Vesting of awards

The vesting of LTIP awards is subject to the approval of the Committee and to which the Committee will apply its Intervention Policy. Under this policy the Committee may apply its independent discretion to modify the measurement of EPS to ensure that the interests of management are aligned with those of the shareholders. For example, the Committee may review the appropriateness of the treatment of highlighted items with regards to the calculation of EPS used for determining the level of vesting.

The Committee will consider the impact of share buy-backs over the relevant performance periods for the purposes of determining the level of vesting of share incentive awards.

Savings related share option scheme ("Sharesave")

Subject to the approval of the Committee each Executive Director is eligible to voluntarily participate in the Company's all-employee HM Revenue and Customs approved Sharesave scheme. The Company intends to run a new annual Sharesave scheme in most years. A Sharesave scheme allows participants to make 36 equal monthly instalments under a building society savings contract. On maturity of the savings contract, participants may use the savings plus interest to purchase shares under share options granted at a discount of 15% to the market price at the start of the savings contract. Company policy is to limit the monthly savings into any Sharesave scheme to £100 per participant and to limit the total monthly savings into all Sharesave schemes to £250.

Details of the Executive Directors' outstanding Sharesave options are shown in Part B-1 below.

6) Executive Director Share Ownership Guidelines

During the year ended 28 February 2013 the Committee implemented the Executive Director Share Ownership Guidelines.

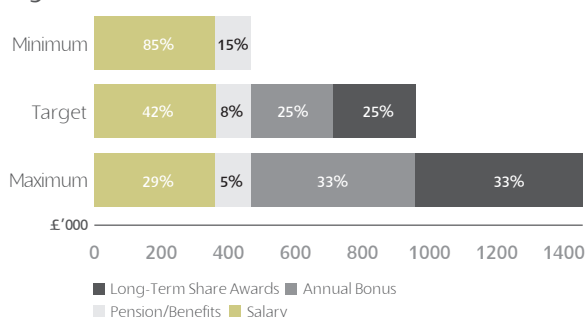
Under the guidelines the Executive Directors are expected to build and maintain a shareholding valued at 100% of basic salary with no upper limit on the number of shares they may hold. A time limit is not set to accumulate the shareholding however Executive Directors are required to retain all shares arising from vested LTIP 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.

Part B-2 below includes a review of achievement of the shareholding guideline for each Executive Director.

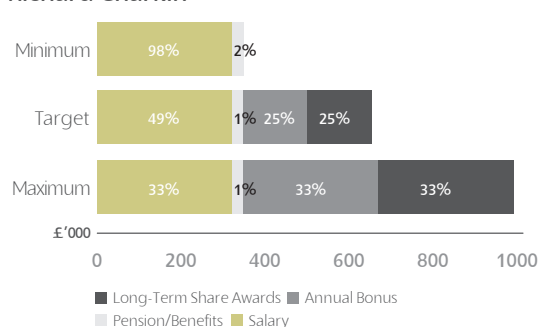
Composition of remuneration packages

A significant proportion of the remuneration of each Executive Director is expected to accrue through variable elements which are dependent on the performance of the business and the personal performance of the Director both over the course of the year and over the longer term. Remuneration of the Executive Directors is reviewed annually.

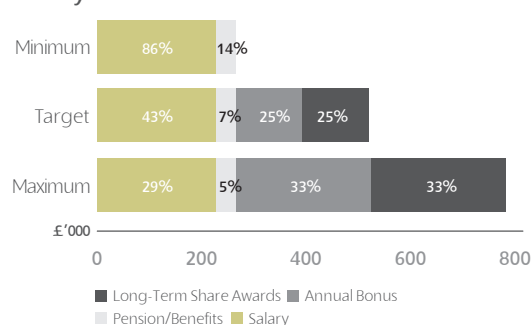
Nigel Newton



Richard Charkin



Wendy Pallot



The assumptions made for the charts are as follows:

| Performance level | Minimum performance | Target performance | Maximum performance |
|-------------------|---------------------|---|--|
| Annual bonus | Nil | 50% of basic salary | 100% of basic salary |
| LTIP | Nil | 50% of the value of the shares at the date of grant | 100% of the value of the shares at the date of grant |

Other remuneration matters

Change of control provisions for share incentive schemes

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

Remuneration earned by the Executive Directors from outside appointments

Significant external appointments of the Directors are given in the bibliographic details on pages 37 and 38. The Committee considers that the external appointments of the Executive Directors have no detrimental impact on the performance of their duties. The Committee has approved that each Executive Director may retain his or her remuneration earned from external appointments up to £15,000 per year.

Contracts of service

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

DIRECTORS' REMUNERATION REPORT

Details of the service contracts of the Executive Directors who served during the year are set out below:

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

Termination of Executive Director appointments

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

The payment of bonus and the vesting of LTIP awards on termination are subject to the discretion of the Committee. In the event of early termination, the Committee would seek to take such steps as necessary to mitigate the loss to the Company and to ensure that the Executive Director observed his or her duty to mitigate loss. The Committee considers the termination terms of the Executive Directors to be appropriate to avoid rewarding failure on termination.

Non-Executive Directors

The annual fees of Non-Executive Directors ('NED's) upon appointment are determined by the Chairman and the Executive Directors. The annual fee of the Chairman upon appointment 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 sub-committees. The fees of the NEDs and chairman are 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.

No annual increase has been awarded to NED fees from 1 March 2013 in line with basic salary increases for senior employees across the Group. The fees for the NEDs are:

| Non-Executive Director | Position | From 1 March 2013 £ '000 | From 1 March 2012 £ '000 |
|------------------------|---|-----------------------------|-----------------------------|
| Jeremy Wilson | Chairman of the Board | 101 | 101 |
| Sarah Jane Thomson | Chair of the Remuneration Committee | 38 | 38 |
| Ian Cormack | Chair of the Audit Committee Senior Independent Director | 39 | 39 |

The continuance of service of each Non-Executive Director is reviewed annually by the Chairman. The Non-Executive Directors and Chairman do not participate in the Company's annual bonus or share incentive schemes including the Sharesave scheme.

Details of the NED agreements are as follows:

| Non-Executive Director | Date of Appointment | Date of agreement | Date of expiry | Notice period |
|------------------------|---------------------|-------------------|----------------|---------------|
| Jeremy Wilson | 24 November 2005 | 31 October 2007 | – | 3 Months |
| Ian Cormack | 1 January 2011 | 12 October 2011 | 1 January 2014 | 3 Months |
| Sarah Jane Thomson | 28 May 2010 | 12 October 2011 | 28 May 2013 | 3 Months |

The letter of appointment of the Chairman, Jeremy Wilson, does not include a fixed term of expiry but instead includes a fixed notice period of 3 months. There are no specific provisions for compensation on early termination. In the event of early termination, the Board would seek to take such steps as necessary to mitigate the loss to the Company and to ensure that the director observed his duty to mitigate loss.

The general terms for the agreements with Ian Cormack and Sarah Jane Thomson 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.

PART B – IMPLEMENTATION REPORT

The following provides details of the emoluments of the Executive Directors for the year ended 28 February 2013. In determining the remuneration plans for the financial year the Committee has applied the Remuneration Policy set out in Part A above. Section B-1 below includes the information that the Act requires to be audited.

PART B-1 (AUDITED INFORMATION)

Directors' emoluments

| | Basic salary or fees | Performance related bonus | Other benefits ^[3] | Subtotal | Gain on share incentives exercised | Pension contributions ^[4] | Total 2013 | Total 2012 |
|---------------------------------|----------------------|---------------------------|-------------------------------|---------------|------------------------------------|--------------------------------------|---------------|---------------|
| | 2013 £'000 | 2013 £'000 | 2013 £'000 | 2013 £'000 | 2013 £'000 | 2013 £'000 | 2013 £'000 | 2012 £'000 |
| Executive Directors | | | | | | | | |
| Nigel Newton | 395 | – | 13 | 408 | 152 | 59 | 619 | 660 |
| Richard Charkin | 323 | – | 6 | 329 | 113 | – | 442 | 490 |
| Wendy Pallot ^[1] | 226 | – | 15 | 241 | – | 23 | 264 | 325 |
| Subtotal | 944 | – | 34 | 978 | 265 | 82 | 1,325 | 1,475 |
| Non-Executive Directors | | | | | | | | |
| Jeremy Wilson | 101 | – | – | 101 | – | – | 101 | 98 |
| Sarah Thomson | 38 | – | – | 38 | – | – | 38 | 37 |
| Ian Cormack | 39 | – | – | 39 | – | – | 39 | 38 |
| Subtotal | 178 | – | – | 178 | – | – | 178 | 173 |
| Former Directors ^[2] | – | – | – | – | – | – | – | 41 |
| | 1,122 | – | 34 | 1,156 | 265 | 82 | 1,503 | 1,689 |

^[1] Wendy Pallot was appointed to the Board on 8 April 2011.

^[2] Colin Adams retired from the Board from 8 April 2011. No compensation for loss of office was payable by the Company.

^[3] A description of the other benefits received by Directors is given in Part A above.

^[4] Nigel Newton and Wendy Pallot accrued benefits under defined contribution pension arrangements during the year.

DIRECTORS' REMUNERATION REPORT

Single Figure remuneration totals for Executive Director pay

Consistent with the draft BIS proposals, Single Figure totals for remuneration in respect of the year ended 28 February 2013 and prior year are presented for each Executive Director below (single figures for the Non-Executive Directors would be as presented in the emoluments table above). Single Figures are estimates of the value of remuneration accruing to each Executive Director during the financial year to which the Single Figure relates. The basis used for calculating these estimates is that which it is anticipated will be confirmed by BIS sometime after the date of signing this report.

| | Salary | Pension | Benefits | Subtotal | Annual Bonus | LTIP ^[4] | Subtotal | Single Figure 2013 | Single Figure 2012 ^[5] |
|-----------------------------|--------|---------|----------|----------|--------------|---------------------|----------|--------------------|-----------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Nigel Newton | 395 | 59 | 13 | 467 | – | 149 | 149 | 616 | 820 |
| Richard Charkin | 323 | – | 6 | 329 | – | 107 | 107 | 436 | 605 |
| Wendy Pallot ^[2] | 226 | 23 | 15 | 264 | – | – | – | 264 | 325 |
| Bonus payout ^[3] | | | | | | | | 0% | 54% |
| LTIP vesting | | | | | | | | 50% | 50% |

Notes

^[1] Salary, Pension, Benefits and Bonus are the figures for these elements set out in the emoluments table above.

^[2] Wendy Pallot was appointed to the Board on 8 April 2011.

^[3] Bonus payout percentage is calculated as the actual bonus paid as a percentage of the maximum bonus for the Chief Executive.

^[4] Relates to the 2010 LTIP which vested in May 2013 based on the share price on the due date of vesting (6 May 2013) which was 115 pence. 100% of the EPS part of awards vested and 100% of the TSR part of awards lapsed

^[5] Includes the 2009 LTIP award for Nigel Newton and Richard Charkin, which vested at 50%, based on the share price on the due date of vesting (25 September 2012) which was 135.5 pence.

Payments to past directors

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

Share Based incentives

LTIPs are granted for nil consideration over Ordinary shares of 1.25 pence in the Company under the Bloomsbury 2005 Performance Share Plan. The number of LTIPs awarded is calculated based on the closing mid-market share price prevailing on the day before at the date of grant. The following LTIPs awarded to the Executive Directors were outstanding during the year:

| | Date of award | Due date of exercise/ expiry | Price at grant date | At 1 March 2012 | Awarded during the period | Exercised during the period | Lapsed during the period | Share price on date of exercise | At 28 February 2013 |
|-----------------|---------------|------------------------------|---------------------|-----------------|---------------------------|-----------------------------|--------------------------|---------------------------------|---------------------|
| Nigel Newton | 25 Sep 2009 | 6 Dec 2012 ^[1] | 120.50p | 235,820 | – | (117,910) | (117,910) | 115 pence | – |
| | 6 May 2010 | 6 May 2013 | 110.00p | 258,331 | – | – | – | – | 258,331 |
| | 8 Dec 2011 | 8 Dec 2014 | 98.75p | 292,077 | – | – | – | – | 292,077 |
| | 5 Dec 2012 | 5 Dec 2015 | 115.50p | – | 256,711 | – | – | – | 256,711 |
| Richard Charkin | 25 Sep 2009 | 21 Nov 2012 ^[1] | 120.50p | 169,510 | – | (84,755) | (84,755) | 119 pence | – |
| | 6 May 2010 | 6 May 2013 | 110.00p | 185,691 | – | – | – | – | 185,691 |
| | 8 Dec 2011 | 8 Dec 2014 | 98.75p | 209,947 | – | – | – | – | 209,947 |
| | 5 Dec 2012 | 5 Dec 2015 | 115.50p | – | 184,527 | – | – | – | 184,527 |
| Wendy Pallot | 8 Dec 2011 | 8 Dec 2014 | 98.75p | 222,785 | – | – | – | – | 222,785 |
| | 5 Dec 2012 | 5 Dec 2015 | 115.50p | – | 129,234 | – | – | – | 129,234 |

^[1] The due date for vesting for the 2009 LTIP of 25 September 2012 occurred during a close period so that approval of vesting of the awards was deferred by the Committee. The exercise date is set in relation to the transfer of shares to the participants.

For awards presented above:

TSR

For 50% of 2009, 2010, 2011 and 2012 awards: 35% of this part of an award (30% for 2012 awards) will vest for a median TSR, increasing to 100% vesting of this part of an award for an upper quartile TSR, measured against the FTSE Mid-250 (excluding investment trusts). As a result of TSR being below median on the third anniversary of the 2009 LTIP award, 0% of this part of the award vested.

EPS

- ★ For 50% of 2009 awards: 33% of this part of an award would have vested for normalised EPS of 8.25 pence increasing pro-rata to 66% of this part of an award vesting for normalised EPS of 8.75 pence increasing pro-rata to 100% of this part of an award vesting for normalised EPS of 9.25 pence. As a result of normalised EPS exceeding 9.25 pence for the year ended 28 February 2012, 100% of this part of the award vested.
- ★ For 50% of 2010 awards: 33% of this part of an award will vest for normalised EPS of 8.25 pence increasing pro-rata to 66% of this part of an award vesting for normalised EPS of 8.75 pence increasing pro-rata to 100% of this part of an award vesting for normalised EPS of 9.25 pence.
- ★ For 50% of 2011 awards: 30% of this part of an award will vest for normalised EPS of 10.7 pence increasing pro-rata to 66% of this part of an award vesting for normalised EPS of 11.5 pence increasing pro-rata to 100% of this part of an award vesting for normalised EPS of 14 pence.
- ★ For 50% of 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.

Sharesave options

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 during the year end.

| | At 1 March 2012 | Granted during the year | Lapsed during the year | At 28 February 2013 | Exercise Price | 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

a) Interests in shares

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

| Director | Ordinary shares 28 February 2013 | Ordinary shares 29 February 2012 |
|---------------------------|---|---|
| Nigel Newton | 1,506,655 | 1,470,376 |
| Richard Charkin | 116,734 | 22,000 |
| Ian Cormack | 11,975 | 11,975 |
| Jeremy Wilson | 4,026 | 4,026 |
| | 1,639,390 | 1,508,377 |
| % of issued share capital | 2.2% | 2.0% |

The closing market price of an Ordinary share at 28 February 2013 was 104.00p (2012: 121.25p) and the range of intra-day market prices from 1 March 2012 to 28 February 2013 was 101.55p to 148.00p (2012: 90.00p to 139.46p).

DIRECTORS' REMUNERATION REPORT

b) Other interests

No Director has or has had any interest, direct or indirect, in any transaction, contract or arrangement (excluding service agreements), which is or was unusual in its nature or conditions or significant to the business of the Group during the current or immediately preceding financial year.

PART B-2 (UNAUDITED INFORMATION)

Annual bonus awarded for year ended 28 February 2013

| | Year ended 28 February 2013 | | | Year ended 29 February 2012 | |
|-----------------|-----------------------------|--|---------------------------------------|------------------------------|---------------------|
| | Total bonus paid £'000 | Personal/ Strategic Objectives % achieved | Profit Related Bonus % achieved | Total bonus paid £'000 | Total bonus paid |
| Nigel Newton | Nil | 100% | 35% | 208 | 54% |
| Richard Charkin | Nil | 100% | 35% | 170 | 54% |
| Wendy Pallot | Nil | 100% | 35% | 107 | 54% |
| | | | | 485 | |

The recent history of total Executive Director bonus compared to the dividend paid to shareholders is as follows:

| Period | Total dividend declared in respect of the period £'m | Total Executive Director bonus £'m | Ratio: Dividend to Executive Director bonus | Ratio: Dividend to total bonus ⁽¹⁾ |
|----------------------------------|---|--|---|--|
| Year ended 28 February 2013 | 4.0 | Nil | N/A | N/A |
| Year ended 29 February 2012 | 3.8 | 0.5 | 7.6:1 | 4:1 |
| 14 months ended 28 February 2011 | 3.6 | 0.8 | 4.5:1 | 2.2:1 |

⁽¹⁾ Total bonus includes bonus paid to the Executive Directors and to managers below the level of Executive Director.

Long term incentive plan awards granted during 2012/13

| Individual | Scheme | Date of Grant | Basis of Award | Face Value £'000 | Vesting at threshold | Vesting at Maximum | Performance Period |
|-----------------|---------------------|------------------|-------------------|---------------------|-------------------------|-----------------------|------------------------------|
| Nigel Newton | LTIP ⁽¹⁾ | 5 Dec 12 | 75% of salary | 297 | 30% | 100% | TSR: 3 years from grant date |
| Richard Charkin | LTIP ⁽¹⁾ | 5 Dec 12 | 66% of salary | 213 | 30% | 100% | EPS: 3 years to |
| Wendy Pallot | LTIP ⁽¹⁾ | 5 Dec 12 | 66% of salary | 149 | 30% | 100% | 28 February 2015 |

⁽¹⁾ Structured as a conditional award

For awards presented above:

- ★ For 50% of 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 upper quartile TSR, measured against the FTSE Mid-250 (excluding investment trusts).
- ★ For 50% of 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 the year ending 28 February 2015. There is no vesting for a normalised EPS less than 13.75 pence.

Executive Director shareholding guidelines

The shareholding guideline is for Executive Directors to hold shares valued at 100% of basic salary to be tested annually by applying the share price as at the day following the preliminary announcement. As at 22 May 2013 (the day following the preliminary announcement for 2013) the closing share price is 118.00p and the achievement of the shareholding guideline is as follows.

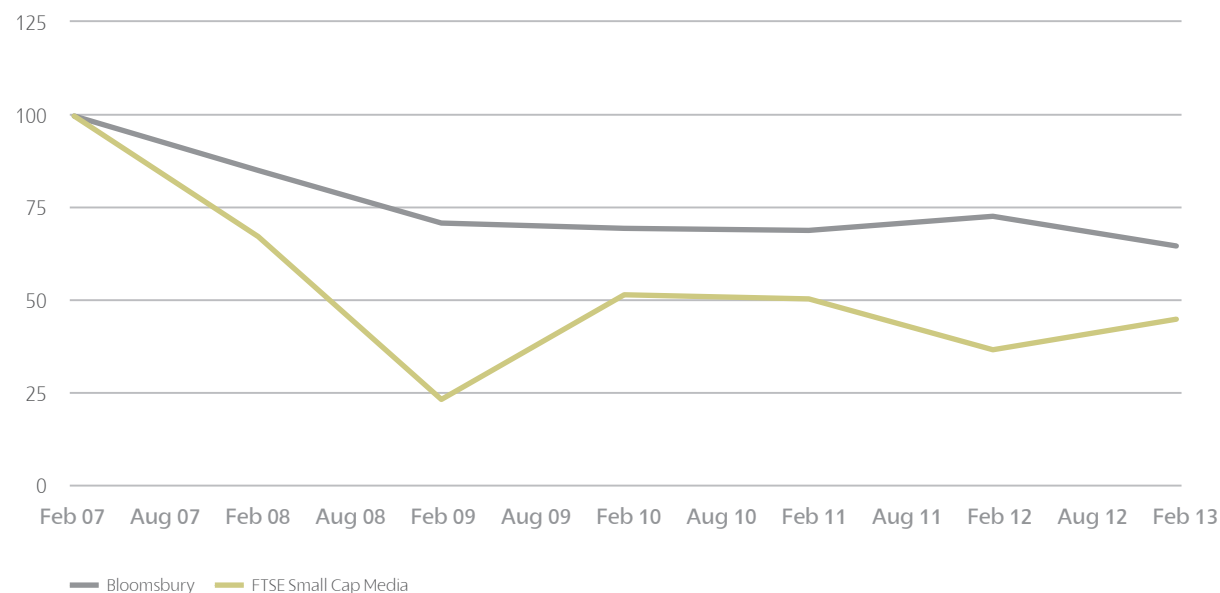
| Executive Director | Basic Salary £'000 | Shareholding | Value of shareholding £'000 | Shareholding guideline has been met |
|--------------------|-----------------------|--------------|-----------------------------------|---|
| Nigel Newton | 395 | 1,506,655 | 1,778 | Yes |
| Richard Charkin | 323 | 116,734 | 138 | — ^[1] |
| Wendy Pallot | 226 | — | — | — ^[1] |

^[1] The Shareholding guideline was introduced during the year ended 28 February 2013 consequently the Executive Directors are working towards achieving the guideline.

Review of Executive Director remuneration

Performance graph

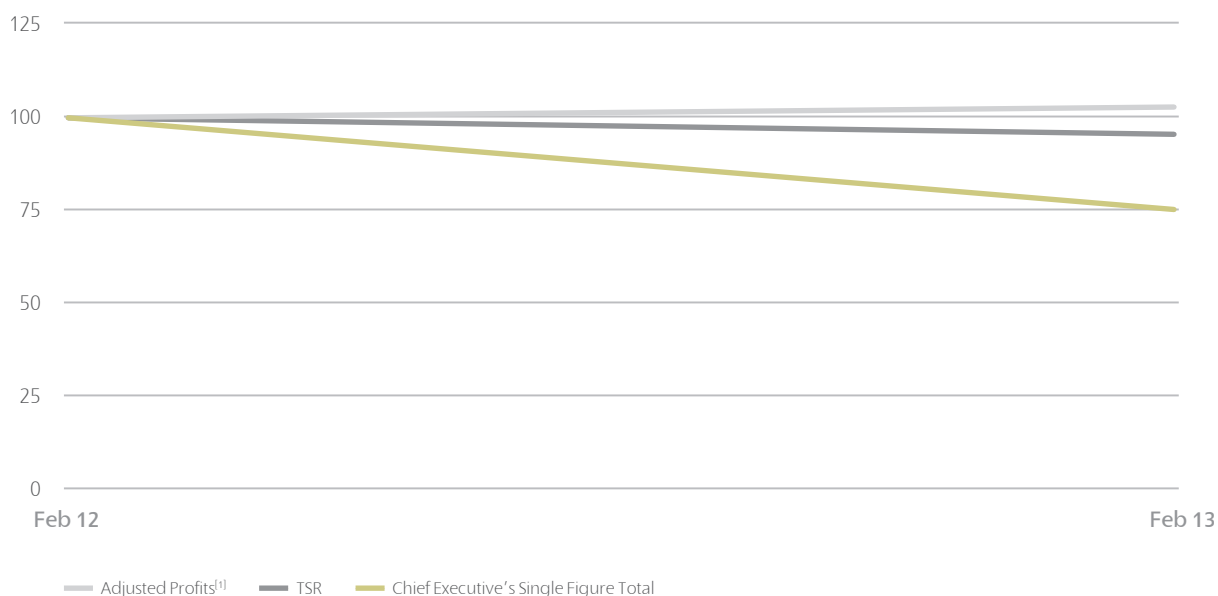
The chart below shows the Company's Total Shareholder Return for the year ended 28 February 2013 and for the four prior years together with the FTSE Small Cap Media sector index. The index has been selected as it represents a broad equity market index of which the Company is a constituent member.



DIRECTORS' REMUNERATION REPORT

Chief Executive's Single Figure totals in comparison to profit and Total Shareholder Return

The chart below shows the Single Figure totals for the Chief Executive (see Part B-1 above) compared to Adjusted Profit^[1] and the Company's Total Shareholder Return. Figures are normalised to the year ended 29 February 2012.



^[1] Adjusted Profit for the purpose of the chart above is 'Continuing profit before tax and highlighted items'. Continuing profit excludes Bloomsbury's former German subsidiary, Bloomsbury Verlag GmbH, which was sold on 28 February 2012. Highlighted items comprises amortisation of intangible assets, professional fees on acquisitions, relocation of headquarters, restructuring costs, business set up costs and a gain on bargain purchase price.

Executive Director emoluments in relation to Group staff costs

The emoluments of the Executive Directors in relation to total Staff Costs for Group are as follows:

| | Year ended 28 February 2013 | Year ended 28 February 2012 |
|--------------------------------|-----------------------------------|-----------------------------------|
| Staff Costs (see note 5) | 20,722 | 20,518 |
| Executive Directors emoluments | 1,325 (6.4%) | 1,516 (7.4%) |

Approved by the Board of Directors and signed on its behalf

Jeremy Wilson

12 June 2013

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BLOOMSBURY PUBLISHING PLC

We have audited the group and parent company financial statements ("the financial statements") on pages 71 to 134. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 44, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion

- ★ the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 28 February 2013 and of the group's profit for the year then ended;
- ★ the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- ★ the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- ★ the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- ★ the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- ★ the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ★ the information given in the Corporate Governance Statement set out on pages 45 to 52 in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Conduct Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structure) is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- * adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- * the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- * certain disclosures of directors' remuneration specified by law are not made; or
- * we have not received all the information and explanations we require for our audit; 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 43, in relation to going concern;
- * the part of the Corporate Governance Statement on pages 45 to 52 relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- * certain elements of the report to shareholders by the Board on directors' remuneration.

David Clark (Senior Statutory Auditor)

For and on behalf of Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB
12 June 2013

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2013

| | | Year ended 28 February 2013 £'000 | Year ended 29 February 2012 £'000 |
|---|-------|--|--|
| Continuing operations | Notes | | |
| Revenue | 3 | 98,479 | 97,399 |
| Cost of sales | | (41,242) | (42,201) |
| Gross profit | | 57,237 | 55,198 |
| Marketing and distribution costs | | (12,733) | (14,157) |
| Administrative expenses | | (34,748) | (32,629) |
| Operating profit before highlighted items | | 12,414 | 12,057 |
| Highlighted items | 4 | (2,658) | (3,645) |
| Operating profit | 4 | 9,756 | 8,412 |
| Finance income | 6 | 117 | 160 |
| Finance costs | 6 | (26) | (108) |
| Profit before taxation and highlighted items | | 12,505 | 12,109 |
| Highlighted items | 4 | (2,658) | (3,645) |
| Profit before taxation | | 9,847 | 8,464 |
| Taxation | 7 | (2,029) | (1,367) |
| Profit for the year from continuing operations | | 7,818 | 7,097 |
| Discontinued operation | | | |
| Loss for the year from discontinued operation | 10 | (352) | (3,724) |
| Profit for the year attributable to owners of the Company | | 7,466 | 3,373 |
| Earnings per share attributable to owners of the Company - continuing operations | | | |
| Basic earnings per share | 11 | 10.81p | 9.80p |
| Diluted earnings per share | 11 | 10.46p | 9.54p |

The notes on pages 76 to 119 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2013

| | Year ended 28 February 2013 £'000 | Year ended 29 February 2012 £'000 |
|--|--|--|
| Profit for the year | 7,466 | 3,373 |
| Other comprehensive income: | | |
| Currency translation differences on foreign operations | 1,428 | 365 |
| Reclassification of translation reserve on disposal of foreign operation | – | (985) |
| Deferred tax on share-based payments | (20) | 11 |
| Other comprehensive income for the year net of tax | 1,408 | (609) |
| Total comprehensive income for the year attributable to the owners of the Company | 8,874 | 2,764 |
| Arises from: | | |
| Continuing operations | 9,226 | 7,473 |
| Discontinued operation | (352) | (4,709) |
| Total comprehensive income for the year attributable to the owners of the Company | 8,874 | 2,764 |

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 2013

| | Notes | 28 February 2013 £ '000 | 29 February 2012 £ '000 |
|---|-------|-------------------------------|-------------------------------|
| Assets | | | |
| Goodwill | 12 | 35,134 | 34,610 |
| Other intangible assets | 13 | 20,111 | 18,153 |
| Property, plant and equipment | 14 | 3,006 | 3,020 |
| Deferred tax assets | 15 | 1,943 | 2,336 |
| Total non-current assets | | 60,194 | 58,119 |
| Inventories | 16 | 25,584 | 20,184 |
| Trade and other receivables | 17 | 53,630 | 55,431 |
| Cash and cash equivalents | | 14,625 | 12,639 |
| Total current assets | | 93,839 | 88,254 |
| Total assets | | 154,033 | 146,373 |
| Liabilities | | | |
| Retirement benefit obligations | 22 | 128 | 157 |
| Deferred tax liabilities | 15 | 3,306 | 3,737 |
| Other payables | 18 | 2,548 | 341 |
| Provisions | 19 | 377 | 507 |
| Total non-current liabilities | | 6,359 | 4,742 |
| Trade and other payables | 18 | 31,579 | 32,101 |
| Current tax liabilities | | 1,230 | 193 |
| Provisions | 19 | 57 | 157 |
| Total current liabilities | | 32,866 | 32,451 |
| Total liabilities | | 39,225 | 37,193 |
| Net assets | | 114,808 | 109,180 |
| Equity | | | |
| Share capital | 20 | 924 | 924 |
| Share premium | | 39,388 | 39,388 |
| Translation reserve | 20 | 5,044 | 3,616 |
| Other reserves | 20 | 2,314 | 1,318 |
| Retained earnings | 20 | 67,138 | 63,934 |
| Total equity attributable to owners of the Company | | 114,808 | 109,180 |

The financial statements were approved by the Board of Directors and authorised for issue on 12 June 2013.

J N Newton
Director

W Pallot
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital £'000 | Share premium £'000 | Translation reserve £'000 | Capital redemption reserve £'000 | Share-based payment reserve £'000 | Own shares held by EBT £'000 | Retained earnings £'000 | Total equity £'000 |
|--|------------------------|------------------------|------------------------------|-------------------------------------|--------------------------------------|---------------------------------|----------------------------|-----------------------|
| At 1 March 2011 | 924 | 39,388 | 4,236 | 22 | 3,197 | – | 64,077 | 111,844 |
| Profit for the year | – | – | – | – | – | – | 3,373 | 3,373 |
| Other comprehensive income | | | | | | | | |
| Exchange differences on translating foreign operations | – | – | 365 | – | – | – | – | 365 |
| Deferred tax on share-based payment transactions | – | – | – | – | – | – | 11 | 11 |
| Recycling of cumulative currency translation reserve on disposal | – | – | (985) | – | – | – | – | (985) |
| Total comprehensive income for the year | – | – | (620) | – | – | – | 3,384 | 2,764 |
| Transactions with owners | | | | | | | | |
| Reclassification* | – | – | – | – | – | (134) | 134 | – |
| Share buy back | – | – | – | – | – | (2,008) | – | (2,008) |
| Dividends to equity holders of the Company | – | – | – | – | – | – | (3,661) | (3,661) |
| Share-based payment transactions | – | – | – | – | 255 | – | – | 255 |
| Share options cancelled | – | – | – | – | (14) | – | – | (14) |
| Total transactions with owners of the Company | – | – | – | – | 241 | (2,142) | (3,527) | (5,428) |
| At 29 February 2012 | 924 | 39,388 | 3,616 | 22 | 3,438 | (2,142) | 63,934 | 109,180 |
| Profit for the year | – | – | – | – | – | – | 7,466 | 7,466 |
| Other comprehensive income | | | | | | | | |
| Exchange differences on translating foreign operations | – | – | 1,428 | – | – | – | – | 1,428 |
| Deferred tax on share-based payment transactions | – | – | – | – | – | – | (20) | (20) |
| Total comprehensive income for the year | – | – | 1,428 | – | – | – | 7,446 | 8,874 |
| Transactions with owners | | | | | | | | |
| Dividends to equity holders of the Company | – | – | – | – | – | – | (3,793) | (3,793) |
| Share options exercised | – | – | – | – | – | 449 | (449) | – |
| Share-based payment transactions | – | – | – | – | 547 | – | – | 547 |
| Total transactions with owners of the Company | – | – | – | – | 547 | 449 | (4,242) | (3,246) |
| At 28 February 2013 | 924 | 39,388 | 5,044 | 22 | 3,985 | (1,693) | 67,138 | 114,808 |

* Own shares held by the Employee Benefit Trust ('EBT') were reclassified from retained earnings to a separate component of equity in the prior year as the balance held at 29 February 2012 was material.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2013

| | Year ended 28 February 2013 £'000 | Year ended 29 February 2012 £'000 |
|---|--|--|
| Cash flows from operating activities | | |
| Continuing operations | | |
| Profit before taxation | 9,847 | 8,464 |
| Finance income | (117) | (160) |
| Finance costs | 26 | 108 |
| Operating profit | 9,756 | 8,412 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 546 | 411 |
| Amortisation of intangible assets | 2,321 | 1,599 |
| Gain on bargain purchase | (210) | – |
| Loss on sale of property, plant and equipment | – | 11 |
| Share-based payment charges | 615 | 255 |
| | 13,028 | 10,688 |
| Increase in inventories | (1,536) | (342) |
| Decrease/(increase) in trade and other receivables | 883 | (5,690) |
| (Decrease)/increase in trade and other payables | (3,935) | 1,860 |
| Cash generated from continuing operations | 8,440 | 6,516 |
| Discontinued operation | – | (404) |
| Cash generated from operating activities | 8,440 | 6,112 |
| Income taxes paid | (552) | (1,116) |
| Net cash generated from operating activities | 7,888 | 4,996 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (526) | (2,553) |
| Proceeds from sale of property, plant and equipment | – | 6 |
| Purchase of businesses, net of cash acquired | (1,686) | (19,654) |
| Purchases of intangible assets | (2,366) | (1,595) |
| Sale of discontinued operations | 2,158 | (10) |
| Interest received | 41 | 213 |
| Net cash used in investing activities | (2,379) | (23,593) |
| Cash flows from financing activities | | |
| Purchase of shares by the Employee Benefit Trust | – | (2,008) |
| Equity dividends paid | (3,793) | (3,661) |
| Interest paid | (1) | (49) |
| Net cash used in financing activities | (3,794) | (5,718) |
| Net increase/(decrease) in cash and cash equivalents | 1,715 | (24,315) |
| Cash and cash equivalents at beginning of year | 12,639 | 36,876 |
| Exchange gain on cash and cash equivalents | 271 | 78 |
| Cash and cash equivalents at end of year | 14,625 | 12,639 |

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 136. The consolidated financial statements of the Company as at and for the year ended 28 February 2013 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in the publication of books and other related services.

2. Significant accounting policies

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

a) Statement of compliance

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

b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention and on a going concern basis.

c) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 4 to 36. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 21 to 27. 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 the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d) 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 2.v).

e) Application of new and amended standards and interpretations

The following amendments and interpretations were adopted by the Group for the year ended 28 February 2013 and have not had an impact on the Group financial statements:

- ★ Amendments to IFRS 7 'Financial instruments: Disclosures';
- ★ Amendments to IAS 12 'Income taxes';
- ★ Amendments to IFRS 1 'First-time adoption'.

The Directors have considered the impact of new and revised accounting standards, interpretations or amendments on the Group 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:

- ★ Amendment to IAS 1 'Financial statement presentation' (effective for annual periods beginning on or after 1 July 2012). The amendment requires the presentation of other comprehensive income items on the basis of whether they are potentially reclassifiable to profit or loss.
- ★ Amendment to IAS 19 'Employee benefits' (effective for annual periods beginning on or after 1 January 2013). There are various amendments which, based on preliminary analyses, will not have 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 2013). The Group is currently assessing the impact that these standards will have on the financial position and performance but, based on preliminary analyses, no material impact is expected.
- ★ IFRS 13 'Fair value measurement' (effective for annual periods beginning on or after 1 January 2013). The standard establishes guidance for fair value measurements. The Group is currently assessing the impact that this standard will have on the financial position and performance but, based on preliminary analyses, no material impact is expected.

f) Basis of consolidation

i. Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

Any contingent consideration payable is measured at fair value at the acquisition date. Changes in contingent consideration arising from additional information, obtained within one year of the acquisition date, about facts or circumstances that existed at the acquisition date are recognised as an adjustment to goodwill. Other changes in contingent consideration are recognised through the income statement, unless the contingent consideration is classified as equity. In such circumstances, changes are recognised within equity.

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.

ACCOUNTING POLICIES

II. Subsidiaries

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

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

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

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

III. Loss of control

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

IV. Transactions eliminated on consolidation

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

g) Revenue

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

- Revenue from book publishing is recognised when title passes.
- Revenue from the sale of publishing and distribution rights, including film, paperback, electronic, overseas publishing rights and sponsorship, is recognised on receipt of contractual documentation or receipt of funds, whichever occurs first.
- Revenue from database contracts is recognised in accordance with the stages of completion of contractual services provided. The degree of completion is calculated as a proportion of the content generated against the contractually agreed milestone, for example number of words generated. Where the degree of completion of milestones cannot be reliably measured, revenue is only recognised in full on completion.
- Revenue from management services contracts is recognised at the contractually agreed rate.
- Revenue from e-book sales is recognised when content is delivered.

h) Foreign currencies

I. Functional and presentation currency

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

II. Transactions and balances

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

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

III. Group companies

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at the average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income and presented in the translation reserve in equity. On disposal of a foreign entity these exchange differences are recycled to the income statement.

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

i) Taxation

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

I. Current tax

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

II. Deferred tax

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

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

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

III. Current and deferred tax for the year

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

ACCOUNTING POLICIES

j) Goodwill and other intangible assets

I. Goodwill

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

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

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

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

II. Other intangible assets

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

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

| | |
|---------------------------------------|-----------------------|
| Publishing 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 | – 20% per annum |

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

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

III. Product and systems development

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

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

k) Property, plant and equipment

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

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

| | |
|-------------------------------------|--|
| Short leasehold improvements | – over the remaining life of the lease |
| Furniture and fittings | – 10% per annum |
| Computer and other office equipment | – 20% per annum |
| Motor vehicles | – 25% per annum |

Depreciation is pro-rated in the years of acquisition and disposal of an asset. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

l) Impairment of tangible and intangible assets excluding goodwill

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

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

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

m) Inventories

Inventories include paper, sheets and 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.

n) Royalty advances to authors

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

o) Provisions

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

ACCOUNTING POLICIES

p) Financial instruments

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

Trade receivables

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

Cash and cash equivalents

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

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

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

Trade payables

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

q) Operating leases

Operating leases are leases where substantially all the risks and rewards incidental to ownership of the related asset are not transferred to the Group. Operating lease rentals are charged to the income statement as they fall due. Stamp duty is capitalised in leasehold improvements and depreciated over the life of the lease.

r) Employee benefits

I. Defined contribution plans

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

II. Defined benefit plans

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

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

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, sharesave scheme and share appreciation rights scheme are equity settled. The fair values of such options have been calculated using the Black-Scholes model or a modified version of the same, based on publicly available market data.

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

s) Employee benefit trust

The Company operates an employee benefit trust and has de facto control of shares held by the trust and bears their benefits and risks. The Group records the assets and liabilities of the trust as its own and shares held by the trust are recorded at cost as a deduction from shareholders' equity. Finance costs and administrative expenses are charged as they accrue.

t) Segmental reporting

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

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

u) Dividends

Dividends are recognised as liabilities once they are appropriately authorised.

v) 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:

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 12 details the assumptions used.

3. Segmental analysis

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

The analysis by segment for continuing operations is shown below:

Year ended 28 February 2013

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

Year ended 29 February 2012

| | Adult £'000 | Children's & Educational £'000 | Academic & Professional £'000 | Information £'000 | Unallocated £'000 | Total £'000 |
|--|----------------|--------------------------------------|-------------------------------------|----------------------|----------------------|----------------|
| External revenue | 45,112 | 25,591 | 23,053 | 3,643 | – | 97,399 |
| Cost of sales | (21,920) | (13,132) | (6,250) | (899) | – | (42,201) |
| Gross profit | 23,192 | 12,459 | 16,803 | 2,744 | – | 55,198 |
| Marketing and distribution costs | (6,583) | (4,104) | (3,401) | (69) | – | (14,157) |
| Contribution before administrative expenses | 16,609 | 8,355 | 13,402 | 2,675 | – | 41,041 |
| Administrative expenses excluding highlighted items | (11,845) | (6,073) | (9,250) | (1,816) | – | (28,984) |
| Operating profit before highlighted items | 4,764 | 2,282 | 4,152 | 859 | – | 12,057 |
| Intangible asset amortisation | (60) | (181) | (1,142) | (5) | (211) | (1,599) |
| Other highlighted items | – | – | – | – | (2,046) | (2,046) |
| Operating profit/(loss) | 4,704 | 2,101 | 3,010 | 854 | (2,257) | 8,412 |
| Finance income | – | – | – | – | 160 | 160 |
| Finance costs | – | – | – | – | (108) | (108) |
| Profit/(loss) before taxation | 4,704 | 2,101 | 3,010 | 854 | (2,205) | 8,464 |
| Taxation | – | – | – | – | (1,367) | (1,367) |
| Profit/(loss) for the year from continuing operations | 4,704 | 2,101 | 3,010 | 854 | (3,572) | 7,097 |
| Depreciation | 243 | 138 | 29 | 1 | – | 411 |
| Capital expenditure | – | – | – | – | 4,130 | 4,130 |

Total assets

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|--------------------------|------------------------------|------------------------------|
| Adult | 10,623 | 8,611 |
| Children's & Educational | 10,598 | 9,670 |
| Academic & Professional | 52,550 | 46,968 |
| Information | 505 | 61 |
| Unallocated | 79,757 | 81,063 |
| Total assets | 154,033 | 146,373 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

External revenue by destination – continuing operations

| Destination | Source | | | | Total £'000 |
|--------------------------------------|-------------------------|------------------------|--------------------|----------------|----------------|
| | United Kingdom £'000 | North America £'000 | Australia £'000 | India £'000 | |
| Year ended 28 February 2013 | | | | | |
| United Kingdom (country of domicile) | 44,036 | – | – | – | 44,036 |
| North America | 2,921 | 28,862 | – | – | 31,783 |
| Continental Europe | 8,164 | – | – | – | 8,164 |
| Australasia | 407 | – | 5,583 | – | 5,990 |
| Middle East and Asia | 4,737 | – | – | 294 | 5,031 |
| Rest of the world | 3,316 | 159 | – | – | 3,475 |
| Overseas countries | 19,545 | 29,021 | 5,583 | 294 | 54,443 |
| Total | 63,581 | 29,021 | 5,583 | 294 | 98,479 |

| | | | | | |
|--------------------------------------|---------------|---------------|--------------|----------|---------------|
| Year ended 29 February 2012 | | | | | |
| United Kingdom (country of domicile) | 52,509 | – | – | – | 52,509 |
| North America | 2,581 | 23,487 | – | – | 26,068 |
| Continental Europe | 5,906 | – | – | – | 5,906 |
| Australasia | 210 | – | 6,312 | – | 6,522 |
| Middle East and Asia | 4,966 | – | – | – | 4,966 |
| Rest of the world | 1,428 | – | – | – | 1,428 |
| Overseas countries | 15,091 | 23,487 | 6,312 | – | 44,890 |
| Total | 67,600 | 23,487 | 6,312 | – | 97,399 |

During the year sales to one customer exceeded 10% of Group revenue (2012: one customer). The value of these sales was £14,059,000 (2012: £13,638,000).

External continuing revenue by product type

| | Year ended 28 February 2013 £'000 | Year ended 29 February 2012 £'000 |
|--------------------------------|--|--|
| Print | 76,935 | 78,878 |
| Digital | 10,034 | 5,872 |
| Rights & Services ¹ | 11,510 | 12,649 |
| Total | 98,479 | 97,399 |

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

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

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|--------------------------------------|------------------------------|------------------------------|
| United Kingdom (country of domicile) | 53,359 | 51,838 |
| North America | 4,807 | 3,934 |
| Other | 85 | 11 |
| Total | 58,251 | 55,783 |

4. Operating profit

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

| | | Year ended 28 February 2013 £'000 | Year ended 29 February 2012 £'000 |
|---|-------|--|--|
| | Notes | | |
| Purchase of goods and changes in inventories | | 24,903 | 26,656 |
| Auditor's remuneration (see overleaf) | | 314 | 389 |
| Depreciation of property, plant and equipment | | 546 | 411 |
| Operating leases | | 1,255 | 991 |
| Loss on disposal of property, plant and equipment | | — | 11 |
| Highlighted items (see below) | | 2,658 | 3,645 |
| Advance provisions | 17 | 5,587 | 5,191 |
| Exchange (gain)/loss | | (47) | 181 |
| Employee costs | 5 | 20,722 | 20,518 |

Highlighted items

| | | Year ended 28 February 2013 £'000 | Year ended 29 February 2012 £'000 |
|--|-------|--|--|
| | Notes | | |
| Professional fees on acquisitions | | 76 | 237 |
| Relocation of headquarters | | — | 447 |
| Aborted acquisition costs | | — | 76 |
| Restructuring costs | | 342 | 1,286 |
| Business set up costs | | 129 | — |
| Gain on bargain purchase | 9 | (210) | — |
| Other highlighted items | | 337 | 2,046 |
| Amortisation of intangible assets | 13 | 2,321 | 1,599 |
| Highlighted items attributable to continuing operations | | 2,658 | 3,645 |
| Highlighted items attributable to discontinued operation | 10 | 139 | 980 |
| Total highlighted items | | 2,797 | 4,625 |

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Legal and other costs of £76,000 were incurred in relation to the acquisition of Fairchild Books and Applied Visual Arts, see note 9 (2012: £237,000 incurred primarily in relation to the acquisition of Continuum International Publishing Group Limited).

In the prior year the Group incurred costs of £447,000 relating to the relocation of its Head Office to Bedford Square in August 2011, including professional fees and additional rental expense while the new premises were refurbished.

Aborted acquisition costs of £76,000 in the prior year related to professional fees in connection with the acquisition of a business which did not go ahead following the due diligence process.

Restructuring costs of £342,000 (2012: £1,286,000 incurred as a result of the strategic global reorganisation of the Bloomsbury Group and the acquisition of Continuum) have been incurred as a result of the acquisition of Fairchild Books and Applied Visual Arts.

Business set up costs of £129,000 were incurred in relation to the set up of Bloomsbury India.

A gain on a bargain purchase of £210,000 was recognised in relation to the acquisition of Fairchild Books, see note 9.

Highlighted items attributable to discontinued operations of £139,000 are in respect of tax relating to Bloomsbury Verlag GmbH. The prior year costs of £980,000 relate to the loss on disposal of Berlin Verlag GmbH of £1,023,000 and a write back of an over provision for restructuring costs of £43,000.

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

| | Year ended 28 February 2013 | | | Year ended 29 February 2012 | | |
|--|-----------------------------|-------------------|----------------|-----------------------------|-------------------|----------------|
| | 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 | 170 | 47 | 217 | 75 | 59 | 134 |
| Fees payable to the Company's auditor and its associates for other services: | | | | | | |
| Audit of the Company's subsidiaries pursuant to legislation | – | – | – | 111 | 10 | 121 |
| Other services pursuant to legislation: | | | | | | |
| Interim review | 45 | – | 45 | 43 | – | 43 |
| Tax services | | | | | | |
| Compliance | 35 | – | 35 | 41 | – | 41 |
| Advisory | 13 | – | 13 | 18 | – | 18 |
| Other Services | | | | | | |
| Relating to corporate finance transactions* | – | – | – | 29 | – | 29 |
| | 263 | 47 | 310 | 317 | 69 | 386 |
| Fees in respect of the defined benefit pension scheme | | | | | | |
| Audit | 4 | – | 4 | 3 | – | 3 |
| Total | 267 | 47 | 314 | 320 | 69 | 389 |

* Costs relating to the acquisition of Continuum of £27,000 were included under highlighted items in 2012.

5. Staff costs

Staff costs for continuing operations during the year were:

| | Year ended 28 February 2013 £'000 | Year ended 29 February 2012 £'000 |
|--|--|--|
| Salaries | 17,577 | 17,570 |
| Social security costs | 1,828 | 2,020 |
| Pension costs (see note 22) | 702 | 704 |
| Share-based payment charge (see note 21) | 615 | 224 |
| Total | 20,722 | 20,518 |

The average monthly number of employees during the year was:

| | Number | Number |
|-----------------------------------|------------|------------|
| Editorial, production and selling | 390 | 339 |
| Finance and administration | 93 | 62 |
| Total | 483 | 401 |

Staff costs are charged to administrative expenses.

The Group considers key management personnel as defined under IAS 24 'Related Party Disclosures' to be the Directors of the Company and those directors of the 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 53 to 68.

Total emoluments for Directors and other key management personnel were:

| | Year ended 28 February 2013 £'000 | Year ended 29 February 2012 £'000 |
|------------------------------|--|--|
| Short-term employee benefits | 3,297 | 4,165 |
| Post-employment benefits | 189 | 154 |
| Share-based payment charges | 500 | 177 |
| Total | 3,986 | 4,496 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Finance income and finance costs

| | Year ended 28 February 2013 £'000 | Year ended 29 February 2012 £'000 |
|--|--|--|
| Finance income | | |
| Interest on bank deposits | 40 | 117 |
| Other interest receivable | 42 | 23 |
| Expected return on pension plan assets (see note 22) | 21 | 20 |
| Actuarial gains on defined benefit pension plan (see note 22) | 14 | – |
| Total | 117 | 160 |
| Finance costs | | |
| Interest cost on pension obligations (see note 22) | 25 | 27 |
| Interest on bank overdraft and loans | 1 | 7 |
| Actuarial losses on defined benefit pension plan (see note 22) | – | 74 |
| Total | 26 | 108 |

7. Taxation

a) Tax charge for the year

| Year ended 28 February 2013 | Notes | Continuing operations £ '000 | Discontinued operation £ '000 | Total £ '000 |
|---|-------|---------------------------------|----------------------------------|-----------------|
| Current taxation | | | | |
| UK corporation tax | | | | |
| Current year | | 2,000 | – | 2,000 |
| Adjustment in respect of prior years | | 49 | 213 | 262 |
| Overseas taxation | | | | |
| Current year | | 41 | – | 41 |
| Adjustment in respect of prior years | | (53) | – | (53) |
| | | 2,037 | 213 | 2,250 |
| Deferred tax | 15 | | | |
| UK | | | | |
| Origination and reversal of temporary differences | | (213) | – | (213) |
| Tax rate adjustment | | (110) | – | (110) |
| Overseas | | | | |
| Origination and reversal of temporary differences | | 315 | – | 315 |
| | | (8) | – | (8) |
| Total taxation expense | | 2,029 | 213 | 2,242 |
| Year ended 29 February 2012 | | | | |
| Current taxation | | | | |
| UK corporation tax | | | | |
| Current year | | 788 | – | 788 |
| Adjustment in respect of prior years | | (293) | – | (293) |
| Overseas taxation | | | | |
| Current year | | 202 | 52 | 254 |
| Adjustment in respect of prior years | | 118 | – | 118 |
| | | 815 | 52 | 867 |
| Deferred tax | 15 | | | |
| UK | | | | |
| Origination and reversal of temporary differences | | 317 | – | 317 |
| Tax rate adjustment | | (96) | – | (96) |
| Overseas | | | | |
| Origination and reversal of temporary differences | | 331 | – | 331 |
| | | 552 | – | 552 |
| Total taxation expense | | 1,367 | 52 | 1,419 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b) Factors affecting tax charge for the year

The tax on the Group's profit before tax differs from the standard rate of corporation tax in the United Kingdom of 24.17% (2012: 26.17%). The reasons for this are explained below:

| | Year ended 28 February 2013 | | Year ended 29 February 2012 | |
|---|--------------------------------|---------------|--------------------------------|---------------|
| | £ '000 | % | £ '000 | % |
| Profit before taxation | 9,847 | 100.00 | 8,464 | 100.00 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.17% (2012: 26.17%) | 2,380 | 24.17 | 2,215 | 26.17 |
| Effects of: | | | | |
| Non-deductible revenue expenditure | 129 | 1.31 | 18 | 0.21 |
| Non-qualifying depreciation | 23 | 0.24 | 17 | 0.20 |
| Share-based payment transactions | 40 | 0.41 | 73 | 0.86 |
| Movement in unrecognised temporary differences | (237) | (2.41) | (223) | (2.63) |
| Different rates of tax in foreign jurisdictions | 411 | 4.17 | 232 | 2.74 |
| Tax losses utilised | (549) | (5.58) | – | – |
| Movement in deferred tax rate (note 15(a)) | (110) | (1.12) | (96) | (1.13) |
| Adjustment to tax charge in respect of prior years | | | | |
| Current tax | (3) | (0.03) | (175) | (2.07) |
| Deferred tax | 23 | 0.24 | (83) | (0.98) |
| Tax charge for the year before highlighted and other non-recurring items | 2,107 | 21.40 | 1,978 | 23.37 |
| Highlighted and other non-recurring items: | | | | |
| Disallowable costs incurred on acquisitions, abortive acquisitions and moving head office | 18 | 0.18 | 82 | 0.97 |
| Disallowable gain on bargain purchase | (53) | (0.54) | – | – |
| Utilisation of Bloomsbury Verlag losses in the UK | (43) | (0.44) | (693) | (8.19) |
| Tax charge for the year | 2,029 | 20.60 | 1,367 | 16.15 |

c) Factors affecting tax charge for future years

The UK current tax rate will be reduced from 24% to 23% with effect from 1 April 2013, in line with previously substantively enacted legislation. The rate applying to UK deferred tax assets and liabilities has also been reduced to 23%, creating a rate adjustment, which is partly reflected in the consolidated income statement and partly in the consolidated statement of comprehensive income.

A proposed reduction to 21% at 1 April 2014 and 20% at 1 April 2015 has not yet been substantively enacted. If these reductions had been enacted by 28 February 2013 the effect would have been to reduce the net deferred tax liability as at 28 February 2013 from £1,363,000 to £1,066,000. Of this reduction it is estimated that £302,000 would be credited to the consolidated income statement and £5,000 charged to the consolidated statement of comprehensive income.

d) Tax effects of components of other comprehensive income

| | Before tax 2013 £ '000 | Tax charge 2013 £ '000 | After tax 2013 £ '000 | Before tax 2012 £ '000 | Tax charge 2012 £ '000 | After tax 2012 £ '000 |
|--|---------------------------------|---------------------------------|--------------------------------|---------------------------------|---------------------------------|--------------------------------|
| Exchange differences on translating foreign operations | 1,428 | – | 1,428 | 365 | – | 365 |
| Deferred tax on share-based payments (note 15(a)) | – | (20) | (20) | – | 11 | 11 |
| Recycling of cumulative currency translation reserve on disposal | – | – | – | (985) | – | (985) |
| Other comprehensive income | 1,428 | (20) | 1,408 | (620) | 11 | (609) |

8. Dividends

| | Year ended 28 February 2013 £ '000 | Year ended 29 February 2012 £ '000 |
|--|---|---|
| Amounts paid in the year | | |
| Second interim dividend for the period ended 28 February 2011 of 3.91p per share (see below) | – | 2,825 |
| Prior period final 4.31p dividend per share (2012: 0.28p) | 3,114 | 202 |
| Interim 0.94p dividend per share (2012: 0.89p) | 679 | 643 |
| Total dividend payments in the year | 3,793 | 3,670 |
| Amounts arising in respect of the year | | |
| Interim 0.94p dividend per share for the year (2012: 0.89p) | 679 | 643 |
| Proposed 4.56p final dividend per share for the year (2012: 4.31p) | 3,310 | 3,114 |
| Total dividend 5.50p per share for the year (2012: 5.20p) | 3,989 | 3,757 |

The Directors are recommending a final dividend of 4.56 pence per share, which, subject to shareholder approval at the Annual General Meeting, will be paid on 24 September 2013 to shareholders on the register at close of business on 30 August 2013. The ex dividend date is 28 August 2013.

The second interim dividend paid in the prior year was payable due to a 14 month extended reporting period from 1 January 2010 to 28 February 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Acquisitions

Fairchild Books

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

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

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

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

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

Transaction costs of £49,000 have been expensed in the year within administrative expenses.

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

The value of the identifiable net assets of Fairchild Books disclosed in the 31 August 2012 Interim Report had been determined on a provisional basis. They differ from the values reported above due to the finalisation of fair value and accounting policy assessments. Had the valuation been finalised at 31 August 2012 the interim financial statements would have differed to those reported as follows:

- inventories would have been £41,000 lower;
- trade receivables would have been £359,000 higher;
- payables and provisions would have been £172,000 lower;
- goodwill would have reduced by £280,000;
- the recognition of the bargain purchase would have increased profit before tax by £210,000; and
- there would have been no impact on the current tax charge or deferred tax assets and liabilities.

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

As part of the acquisition, Bloomsbury Publishing Inc. entered into a promissory note and guarantee to pay to Advance Magazine Publishers Inc. \$4,333,334 in two annual instalments to satisfy the outstanding consideration on this acquisition. Bloomsbury Publishing Plc guaranteed the payment of this amount on behalf of its subsidiary.

Applied Visual Arts

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

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

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

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

Transaction costs of £27,000 have been expensed in the year within administrative expenses.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Discontinued operation

On 28 February 2012 the Group contracted to sell its German subsidiary Bloomsbury Verlag GmbH to Pendo Betilligungsgesellschaft mbH, a subsidiary of Bonnier AB, for a cash consideration of €2,600,000 (£2,158,000). The disposal was subject to the approval of the German competition authorities which was granted in March 2012. The risks and rewards of ownership passed to Bonnier AB as at 28 February 2012 and, given that the chances of not receiving approval were considered to be remote, the sale was treated in the prior year financial statements as completing on 28 February 2012.

The expenses in the year ended 28 February 2013 relate to an on-going tax enquiry with HMRC.

Results of discontinued operation

| | Year ended 28 February 2013 £'000 | Year ended 29 February 2012 £'000 |
|---|--|--|
| Revenue | – | 5,818 |
| Expenses excluding highlighted items | – | (8,510) |
| Results from operating activities before highlighted items | – | (2,692) |
| Highlighted items | (139) | 43 |
| Results from operating activities | (139) | (2,649) |
| Taxation | (213) | – |
| Results from operating activities net of tax | (352) | (2,649) |
| Loss on sale of discontinued operation | – | (1,023) |
| Taxation on sale of discontinued operation | – | (52) |
| Loss for the year | (352) | (3,724) |
| Loss per share – discontinued operation | | |
| Basic loss per share | (0.49)p | (5.14)p |
| Diluted loss per share | (0.47)p | (5.01)p |

The entire loss from the discontinued operations of £352,000 (2012: £3,724,000) is attributable to the owners of the Company.

11. Earnings per share

The basic earnings per share for the year ended 28 February 2013 is calculated using a weighted average number of Ordinary shares in issue of 72,331,464 (2012: 72,387,195) after deducting 1,265,313 (2012: 1,457,529) 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 2013 Number | Year ended 29 February 2012 Number |
|--|---|---|
| Weighted average shares in issue | 72,331,464 | 72,387,195 |
| Dilution | 2,439,186 | 2,003,022 |
| Diluted weighted average shares in issue | 74,770,650 | 74,390,217 |
| | £ '000 | £ '000 |
| Profit after tax from continuing operations | 7,818 | 7,097 |
| Loss after tax from discontinued operation | (352) | (3,724) |
| Profit after tax attributable to owners of the Company | 7,466 | 3,373 |
| Basic earnings per share | 10.32p | 4.66p |
| From continuing operations | 10.81p | 9.80p |
| From discontinued operation | (0.49)p | (5.14)p |
| Diluted earnings per share | 9.99p | 4.53p |
| From continuing operations | 10.46p | 9.54p |
| From discontinued operation | (0.47)p | (5.01)p |
| | £ '000 | £ '000 |
| Adjusted profit from continuing operations ¹ | 9,799 | 9,870 |
| Adjusted loss from discontinued operation ¹ | – | (2,711) |
| Adjusted profit attributable to owners of the Company¹ | 9,799 | 7,159 |
| Adjusted basic earnings per share | 13.55p | 9.89p |
| From continuing operations | 13.55p | 13.63p |
| From discontinued operation | – | (3.74)p |
| Adjusted diluted earnings per share | 13.11p | 9.62p |
| From continuing operations | 13.11p | 13.27p |
| From discontinued operation | – | (3.65)p |

¹ Adjusted profit is pre-tax earnings before taking account of highlighted items less normalised tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Goodwill

| | 28 February 2013 £ '000 | 29 February 2012 £ '000 |
|-----------------------|-------------------------------|-------------------------------|
| Cost | | |
| At start of year | 38,868 | 31,465 |
| Acquisitions | 484 | 8,897 |
| Revision of cost* | (130) | – |
| Disposals | – | (1,531) |
| Exchange differences | 168 | 37 |
| At end of year | 39,390 | 38,868 |
| Impairment | | |
| At start of year | 4,258 | 5,801 |
| Disposals | – | (1,531) |
| Exchange differences | (2) | (12) |
| At end of year | 4,256 | 4,258 |
| Net book value | | |
| At end of year | 35,134 | 34,610 |
| At start of year | 34,610 | 25,664 |

* The revision of cost is in respect of the reassessment of the deferred consideration payable for the acquisition of Oxford International Publishers Limited, see note 19.

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

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 2014 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.

Goodwill is allocated for impairment testing purposes to the following CGUs:

| | Year ended 28 February 2013 £ '000 | Year ended 29 February 2012 £ '000 |
|-------------------------|---|---|
| A&C Black | 14,164 | 14,164 |
| Continuum International | 8,310 | 8,310 |
| Bloomsbury Professional | 5,579 | 5,579 |
| Other | 7,081 | 6,557 |
| Total | 35,134 | 34,610 |

The remaining goodwill balance of £7,081,000 (2012: £6,557,000) is allocated across multiple CGUs with no individual CGU exceeding 10% of the Group's goodwill balance. Each CGU represents a separate business operation acquired.

The key assumptions for calculating value in use are:

| | Discount rates | | Revenue growth | | Long term growth rate | |
|-------------------------|----------------|-----------|----------------|-----------|-----------------------|-----------|
| | 2013 % | 2012 % | 2013 % | 2012 % | 2013 % | 2012 % |
| A&C Black | 9.2 | 9.6 | 3.7 | 4.2 | 2.4 | 2.0 |
| Continuum International | 9.2 | 9.6 | 4.3 | 4.4 | 2.4 | 2.0 |
| Bloomsbury Professional | 9.2 | 9.1 | 8.4 | 4.5 | 2.4 | 2.0 |
| Other UK business units | 6.7–9.4 | 8.6–9.6 | 0.2–6.9 | 4.0–5.0 | 2.4 | 2.0 |
| Other US business units | 9.7–10.4 | 10.1–10.6 | 0.8–7.9 | 4.0 | 2.4 | 2.0 |

Discount rates

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

Growth rates

Growth rates have been calculated on those applied to the Board approved budget for the year ended 28 February 2014 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 and the useful lives of these CGUs were assessed at acquisition as twenty years or greater.

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 CONSOLIDATED FINANCIAL STATEMENTS

13. Other intangible assets

| | Publishing relationships £ '000 | Trademarks £ '000 | Imprints £ '000 | Subscriber and customer relationships £ '000 | Order backlog £ '000 | Product and systems development £ '000 | Total £ '000 |
|----------------------------|---------------------------------------|----------------------|--------------------|--|----------------------------|---|-----------------|
| Cost | | | | | | | |
| At 1 March 2011 | 6,389 | 111 | 2,554 | 3,626 | 141 | 684 | 13,505 |
| Acquisitions | 5,943 | – | 632 | – | – | – | 6,575 |
| Additions | – | – | – | – | – | 1,595 | 1,595 |
| Exchange differences | 6 | 2 | – | – | – | – | 8 |
| At 29 February 2012 | 12,338 | 113 | 3,186 | 3,626 | 141 | 2,279 | 21,683 |
| Acquisitions | 1,623 | – | – | 248 | – | – | 1,871 |
| Additions | – | – | – | – | – | 2,366 | 2,366 |
| Disposals | – | – | – | – | (141) | – | (141) |
| Exchange differences | 93 | 6 | – | 14 | – | – | 113 |
| At 28 February 2013 | 14,054 | 119 | 3,186 | 3,888 | – | 4,645 | 25,892 |
| Amortisation | | | | | | | |
| At 1 March 2011 | 1,065 | – | 218 | 502 | 114 | 29 | 1,928 |
| Charge for the year | 925 | – | 114 | 300 | 27 | 233 | 1,599 |
| Exchange differences | 3 | – | – | – | – | – | 3 |
| At 29 February 2012 | 1,993 | – | 332 | 802 | 141 | 262 | 3,530 |
| Disposals | – | – | – | – | (141) | – | (141) |
| Charge for the year | 1,168 | – | 140 | 314 | – | 699 | 2,321 |
| Exchange differences | 70 | – | – | 1 | – | – | 71 |
| At 28 February 2013 | 3,231 | – | 472 | 1,117 | – | 961 | 5,781 |
| Net book value | | | | | | | |
| At 28 February 2013 | 10,823 | 119 | 2,714 | 2,771 | – | 3,684 | 20,111 |
| At 29 February 2012 | 10,345 | 113 | 2,854 | 2,824 | – | 2,017 | 18,153 |

14. Property, plant and equipment

| | Short leasehold improvements £ '000 | Furniture and fittings £ '000 | Computers and other office equipment £ '000 | Motor vehicles £ '000 | Total £ '000 |
|--|--|-------------------------------------|---|-----------------------------|-----------------|
| Cost | | | | | |
| At 1 March 2011 | 1,840 | 468 | 2,389 | 157 | 4,854 |
| Additions | 2,202 | 108 | 268 | – | 2,578 |
| Acquired through business combinations | – | 1 | 67 | – | 68 |
| Disposals | (1,651) | (192) | (1,305) | (31) | (3,179) |
| Exchange differences | – | – | (1) | – | (1) |
| At 29 February 2012 | 2,391 | 385 | 1,418 | 126 | 4,320 |
| Additions | 269 | 32 | 188 | 37 | 526 |
| Exchange differences | 1 | 1 | 9 | 2 | 13 |
| At 28 February 2013 | 2,661 | 418 | 1,615 | 165 | 4,859 |
| Depreciation | | | | | |
| At 1 March 2011 | 1,661 | 355 | 1,717 | 156 | 3,889 |
| Charge for the year | 120 | 34 | 282 | 12 | 448 |
| Disposals | (1,649) | (190) | (1,155) | (42) | (3,036) |
| Exchange differences | – | – | (1) | – | (1) |
| At 29 February 2012 | 132 | 199 | 843 | 126 | 1,300 |
| Charge for the year | 270 | 32 | 240 | 4 | 546 |
| Exchange differences | 1 | – | 6 | – | 7 |
| At 28 February 2013 | 403 | 231 | 1,089 | 130 | 1,853 |
| Net book value | | | | | |
| At 28 February 2013 | 2,258 | 187 | 526 | 35 | 3,006 |
| At 29 February 2012 | 2,259 | 186 | 575 | – | 3,020 |

£37,000 of the prior year depreciation charge was attributable to the discontinued operation. The continuing operations depreciation charge of £546,000 (2012: £411,000) was charged in administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Deferred tax assets and liabilities

a) Recognised deferred tax assets and liabilities

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

Movement in temporary differences during the year:

| | Tax losses £'000 | Property, plant and equipment £'000 | Retirement benefit obligation £'000 | Share- based payments £'000 | Intangible assets £'000 | Other £'000 | Total £'000 |
|---|---------------------|--|--|--------------------------------------|-------------------------------|----------------|----------------|
| At 1 March 2011 | 1,338 | 33 | 16 | 290 | (2,270) | – | (593) |
| Recognised on acquisition | 1,298 | 62 | – | – | (1,651) | 6 | (285) |
| (Charge)/credit to the income statement | (1,292) | (112) | 40 | (31) | 313 | 530 | (552) |
| Credit to other comprehensive income | – | – | – | 11 | – | – | 11 |
| Exchange differences | 14 | – | – | – | – | 4 | 18 |
| Reallocation | 118 | – | – | – | – | (118) | – |
| At 29 February 2012 | 1,476 | (17) | 56 | 270 | (3,608) | 422 | (1,401) |
| (Charge)/credit to the income statement | (697) | (84) | (10) | (17) | 468 | 348 | 8 |
| Charge to other comprehensive income | – | – | – | (20) | – | – | (20) |
| Exchange differences | 23 | – | – | – | – | 27 | 50 |
| At 28 February 2013 | 802 | (101) | 46 | 233 | (3,140) | 797 | (1,363) |

Due to changes in the statutory tax rate in the UK, deferred tax is provided at 23% (2012: 25%) which is the rate that has been substantively enacted to apply from 1 April 2013. The impact of the change in tax rate is a credit of £105,000 (2012: £92,000), of which £110,000 (2012: £96,000) has been recognised in the deferred tax charge in the income statement and the remainder recognised in other comprehensive income.

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

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

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|--------------------------|------------------------------|------------------------------|
| Deferred tax assets | 1,943 | 2,336 |
| Deferred tax liabilities | (3,306) | (3,737) |
| Total | (1,363) | (1,401) |

c) Unrecognised deferred tax assets

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

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|--------------------|------------------------------|------------------------------|
| Unused tax losses | 994 | 1,677 |
| Non-trading losses | 541 | 600 |
| Total | 1,535 | 2,277 |

These deferred tax assets are recoverable against available taxable profits of the same type or from the same trades in future years. They have not been recognised in the financial statements as it is not sufficiently certain that future taxable profits will be available against which the Group can utilise the losses.

The gross tax losses on which no deferred asset has been recognised were £4,320,000 (2012: £6,708,000). This relates to tax losses for certain subsidiaries in the UK. These losses can be carried forward indefinitely.

At 28 February 2013 the Group had non-trading losses of approximately £2,352,000 (2012: 2,400,000). A deferred tax asset has not been recognised in respect of non-trading losses carried forward as it is not clear whether sufficient non-trading income against which the losses may be offset will arise in the Group in the foreseeable future.

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

16. Inventories

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|---------------------------|------------------------------|------------------------------|
| Raw materials | 76 | 160 |
| Work in progress | 7,941 | 5,636 |
| Finished goods for resale | 17,567 | 14,388 |
| Total | 25,584 | 20,184 |

The cost of inventories recognised as cost of sales amounted to £20,689,000 (2012: £23,607,000). The provision and write down of inventories to net realisable value recognised in cost of sales amounted to £4,214,000 (2012: £3,049,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. Trade and other receivables

| | 28 February 2013 £ '000 | 29 February 2012 £ '000 |
|--|-------------------------------|-------------------------------|
| Gross trade receivables | 29,900 | 28,897 |
| Less provision for impairment of receivables | (815) | (655) |
| Less provision for returns | (5,347) | (4,704) |
| Net trade receivables | 23,738 | 23,538 |
| Income tax recoverable | – | 437 |
| Other receivables | 1,612 | 1,238 |
| Prepayments and accrued income | 28,280 | 30,218 |
| Total trade and other receivables | 53,630 | 55,431 |

As at 28 February 2013 £4,403,000 (2012: £2,510,000) of other receivables are expected to be recovered after more than 12 months.

The Directors consider that the carrying amount of trade and other receivables approximates 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 100 days (2012: 102 days).

The majority of trade debtors are secured by credit insurance, overseas third party distributors and letters of credit on the main UK third part distributor.

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 2013 £ '000 | 29 February 2012 £ '000 |
|-----------------------------------|-------------------------------|-------------------------------|
| At start of year | 655 | 745 |
| Amounts utilised | (76) | (167) |
| Amounts released | (253) | – |
| Assumed in a business combination | 204 | 69 |
| Removed through disposal | – | (37) |
| Exchange adjustments | 10 | – |
| Amounts created | 275 | 45 |
| At end of year | 815 | 655 |

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 2013 £'000 | 29 February 2012 £'000 |
|-----------------------------------|------------------------------|------------------------------|
| At start of year | 4,704 | 6,512 |
| Amounts utilised | (12,686) | (6,703) |
| Amounts released | – | (1,624) |
| Assumed in a business combination | 217 | 487 |
| Removed through disposal | – | (389) |
| Exchange adjustments | 175 | 47 |
| Amounts created | 12,937 | 6,374 |
| At end of year | 5,347 | 4,704 |

Prepayments and accrued income include net advances. A provision is held against gross advances payable in respect of published titles which may not be fully earned down by anticipated future sales, paperback editions or contracts for subsidiary rights receivable. Movements on the Group provision for advances are as follows:

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|-----------------------------------|------------------------------|------------------------------|
| Amounts utilised | – | (5) |
| Amounts released | (459) | – |
| Assumed in a business combination | – | 1,383 |
| Removed through disposal | – | (7,440) |
| Exchange adjustments | 325 | (70) |
| Amounts created | 6,046 | 5,191 |
| Net movement in provision | 5,912 | (941) |

18. Trade and other payables

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|---|------------------------------|------------------------------|
| Non-current | | |
| Other payables | 2,548 | 341 |
| Current | | |
| Trade payables | 12,039 | 11,259 |
| Taxation and social security | 550 | 407 |
| Other payables | 4,091 | 1,598 |
| Accruals | 12,868 | 16,602 |
| Deferred income | 2,031 | 2,235 |
| Total current trade and other payables | 31,579 | 32,101 |
| Total trade and other payables | 34,127 | 32,442 |

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 and deferred consideration on the Fairchild Books and AVA acquisitions falling due after more than one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Provisions

| | Property £'000 | Contingent consideration £'000 | Total £'000 |
|----------------------------|-------------------|--------------------------------------|----------------|
| At 1 March 2012 | 157 | 507 | 664 |
| Utilised in the year | (111) | – | (111) |
| Released in the year | – | (130) | (130) |
| Created in the year | 11 | – | 11 |
| At 28 February 2013 | 57 | 377 | 434 |
| Non-current | – | 377 | 377 |
| Current | 57 | – | 57 |

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

The Group acquired Oxford International Publishers Limited (t/a Berg Publishers) in 2008. The contingent consideration arrangement is based on average revenues for the Berg Fashion element of the business and is payable based on results for the years ended 28 February 2015 and 29 February 2016. The maximum potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is £1,000,000, of which £377,000 has been recognised at 28 February 2013.

20. Share capital and other reserves

Share capital

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|--|------------------------------|------------------------------|
| Authorised: | | |
| 98,459,604 Ordinary shares of 1.25p each (2012: 98,459,604 Ordinary shares of 1.25p each) | 1,231 | 1,231 |
| Allotted, called up and fully paid: | | |
| 73,844,724 Ordinary shares of 1.25p each (2012: 73,844,724 Ordinary shares of 1.25p each) | 924 | 924 |

The Company has one class of Ordinary share which carries equal voting rights and no contractual right to receive payment. No shares are held by the Company as Treasury shares. Directors and other employees of the Group have been granted options to purchase 2,789,306 (2012: 2,713,519) Ordinary shares with an aggregate nominal value of £34,866 (2012: £33,919) (note 21).

Translation reserve

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

Capital redemption reserve

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

Share-based payment reserve

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

Own shares held by Employee Benefit Trust

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

During the year to 28 February 2013 299,982 shares held by the EBT were used to satisfy share option exercises under the Bloomsbury Performance Share Plan (see note 21). 35,315 EBT shares were used to satisfy the dividends due on the vested shares exercised.

The market value of the 1,265,313 shares of the Company held at 28 February 2013 (2012: 1,600,610) in the EBT was £1,316,000 (2012: £1,948,000). 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 953,343 Ordinary shares of 1.25 pence being approximately 1.3% 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:

| | Year ended 28 February 2013 £'000 | Year ended 29 February 2012 £'000 |
|---|--|--|
| Equity settled share-based transactions | 547 | 255 |
| Cash settled share-based transactions | 68 | – |
| Total | 615 | 255 |

In the prior year £31,000 of the total charge related to the discontinued operation Bloomsbury Verlag GmbH.

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 2013 of £68,000 (2012: nil), 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 2013 and 29 February 2012 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | 2013 Number | Weighted average exercise price 2013 Pence | 2012 Number | Weighted average exercise price 2012 Pence |
|-----------------------------------|----------------|---|----------------|---|
| Outstanding at start of year | 37,560 | 186 | 165,000 | 200 |
| Lapsed during the year | – | – | (127,440) | 204 |
| Outstanding at end of year | 37,560 | 186 | 37,560 | 186 |
| Exercisable at end of year | 37,560 | 186 | 37,560 | 186 |

| | 2013 | 2012 |
|--|-------------|-------------|
| Range of exercise price of outstanding options (pence) | 178.7–249.5 | 178.7–249.5 |
| Weighted average remaining contracted life (months) | 3 | 15 |
| 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 a nil-priced option. 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 53 to 68. 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.

| | 2013 Number | 2012 Number |
|-----------------------------------|------------------|------------------|
| Outstanding at start of year | 2,420,768 | 2,545,981 |
| Granted during the year | 864,330 | 1,136,758 |
| Exercised during the year | (299,982) | – |
| Lapsed during the year | (530,910) | (1,261,971) |
| Outstanding at end of year | 2,454,206 | 2,420,768 |
| Exercisable at end of year | – | – |

| | 2013 | 2012 |
|---|------|------|
| Range of exercise price of outstanding awards (pence) | – | – |
| Weighted average remaining contracted life (months) | 21 | 22 |
| Expense recognised for the year (£'000) | 604 | 249 |

The share awards granted in the year to 28 February 2013 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 | 115.5 pence | 115.5 pence |
| Exercise price | – | – |
| Expected term | 3 years | 3 years |
| Expected volatility | – | 26.0% |
| Risk free interest rate | – | 0.35% |
| Fair value charge per award | 115.5 pence | 58.26 pence |

The expected volatility was based on Bloomsbury's share price volatility over the period prior to grant equal in length to the expected three year performance period. Half of each award is subject to an EPS performance condition (which is not factored into the valuation). Half of each award is subject to a Total Shareholder Return condition whereby performance is compared to the FTSE Mid 250 companies (excluding Investment Trusts) over a three year period from the date of grant. A median ranking results in 30% of shares subject to this performance condition vesting, rising to 100% for 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, five or seven years' time, dependent upon their entering into a contract to make monthly contributions to a savings account over the period of the savings term. The Sharesave Plan is open to all UK employees.

| | Sharesave options 2013 Number | Weighted average exercise price 2013 Pence | Sharesave options 2012 Number | Weighted average exercise price 2012 Pence |
|-----------------------------------|--|---|--|---|
| Outstanding at start of year | 175,191 | 98 | 76,191 | 116 |
| Granted during the year | 122,349 | 98 | 177,948 | 98 |
| Lapsed during the year | – | – | (78,948) | 115 |
| Outstanding at end of year | 297,540 | 98 | 175,191 | 98 |
| Exercisable at end of year | – | – | – | – |

| | 2013 | 2012 |
|--|-------------|-------|
| Range of exercise price of outstanding options (pence) | 97.75–98.18 | 98.18 |
| Weighted average remaining contracted life (months) | 23 | 32 |
| Expense recognised for the year (£'000) | 11 | 6 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

d) 2006 Share Appreciation Rights Scheme ('SAR Scheme')

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

| | SAR Scheme Awards 2013 Number | Weighted average exercise price 2013 Pence | SAR Scheme Awards 2012 Number | Weighted average exercise price 2012 Pence |
|-----------------------------------|-------------------------------------|--|-------------------------------------|--|
| Outstanding at start of year | 80,000 | 327 | 120,000 | 301 |
| Lapsed during year | (80,000) | 327 | (40,000) | 250 |
| Outstanding at end of year | – | – | 80,000 | 327 |
| Exercisable at end of year | – | – | 80,000 | 327 |

| | 2013 | 2012 |
|--|------|---------------|
| Range of exercise price of outstanding options (pence) | – | 315.25–337.80 |
| Weighted average remaining contracted life (months) | – | 14 |
| Expense recognised for the year (£'000) | – | – |

e) 2007 Unapproved Employee Share Option Scheme ('2007 ESOS')

Awards under the 2007 ESOS were granted as options to be exercised up to 3 years from the date of grant subject to the achievement of performance conditions set by the Remuneration Committee.

| | Scheme Awards 2013 Number | Weighted average exercise price 2013 Pence | Scheme Awards 2012 Number | Weighted average exercise price 2012 Pence |
|--------------------------------|---------------------------------|--|---------------------------------|--|
| Outstanding at start of year | – | – | 16,000 | 176 |
| Lapsed | – | – | (16,000) | 176 |
| Outstanding at year end | – | – | – | – |

22. Retirement benefit obligations

Pension costs

The pension costs charged to the income statement of £692,000 (2012: £704,000) 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 £702,000 (2012: £684,800) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. At 28 February 2013 there were no prepaid contributions (29 February 2012: 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 2013 by a qualified independent actuary.

Contributions are paid by the employer at the rate of £1,600 per month, plus expenses as and when required. Contributions paid to the scheme during the year were £19,200 (2012: £19,200). The Directors' best estimate of the contribution to be paid for in the year ending 28 February 2014 is £20,700.

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 2013 | 29 February 2012 | 28 February 2011 | 31 December 2009 | 31 December 2008 |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Discount rate | 4.50% | 4.50% | 5.50% | 5.70% | 6.30% |
| Inflation assumption | 2.55–3.30% | 2.35–3.10% | 3.50% | 3.50% | 2.90% |
| Expected return on plan assets* | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |

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

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

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

| | 28 February 2013 Years | 29 February 2012 Years |
|--------------------------|------------------------------|------------------------------|
| Male currently aged 45 | 25.4 | 25.3 |
| Female currently aged 45 | 27.8 | 27.7 |
| Male currently aged 65 | 23.4 | 23.3 |
| Female currently aged 65 | 25.9 | 25.8 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

| | Year ended 28 February 2013 £'000 | Year ended 29 February 2012 £'000 |
|--|--|--|
| Interest cost | (25) | (27) |
| Expected return on pension plan assets | 21 | 20 |
| Actuarial gains/(losses) | 14 | (74) |
| Total | 10 | (81) |

A charge of £25,000 (2012: £101,000) has been included in finance costs and a credit of £35,000 (2012: £20,000) has been included in finance income.

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 2013 £'000 | 29 February 2012 £'000 |
|--|------------------------------|------------------------------|
| Fair value of assets (with profit policy) | 451 | 411 |
| Present value of funded scheme liabilities | (579) | (568) |
| Retirement benefit obligations (net liability) | (128) | (157) |
| Deferred tax assets | 29 | 39 |
| Total | (99) | (118) |
| Analysis for reporting purposes: | | |
| Non-current liabilities | (128) | (157) |
| Deferred tax assets | 29 | 39 |

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

| | Year ended 28 February 2013 £'000 | Year ended 29 February 2012 £'000 |
|-----------------------|--|--|
| At start of year | (568) | (516) |
| Interest cost | (25) | (27) |
| Benefits paid | 17 | 50 |
| Actuarial losses | (3) | (75) |
| At end of year | (579) | (568) |

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

| | Year ended 28 February 2013 £'000 | Year ended 29 February 2012 £'000 |
|----------------------------------|--|--|
| At start of year | 411 | 421 |
| Expected return on scheme assets | 21 | 20 |
| Actuarial gains | 17 | 1 |
| Employer contributions | 19 | 19 |
| Benefits paid | (17) | (50) |
| At end of year | 451 | 411 |

The actual return on scheme assets was £38,000 (2012: gain of £21,000).

The history of experience adjustments is as follows:

| | 28 February 2013 £'000 | 29 February 2012 £'000 | 28 February 2011 £'000 | 31 December 2009 £'000 | 31 December 2008 £'000 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Present value of defined benefit obligations | (579) | (568) | (516) | (480) | (514) |
| Fair value of scheme assets | 451 | 411 | 421 | 389 | 496 |
| Deficit in scheme | (128) | (157) | (95) | (91) | (18) |
| Experience gains/(losses) on scheme assets: | | | | | |
| Amount (£'000) | 17 | 1 | 4 | (28) | (9) |
| Percentage of scheme assets | 3.8% | 0.2% | 1.0% | (7.0)% | (2.0)% |
| Experience gains/(losses) on scheme liabilities: | | | | | |
| Amount (£'000) | 3 | (4) | 6 | 1 | (4) |
| Percentage of the scheme liabilities | 0.5% | (0.8)% | 1.0% | – | (1.0)% |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2012.

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 2013 £ '000 | 29 February 2012 £ '000 |
|---|-------|-------------------------------|-------------------------------|
| Loans and receivables | | | |
| Cash and cash equivalents | | 14,625 | 12,639 |
| Trade receivables | 17 | 23,738 | 23,538 |
| Accrued income | | 4,604 | 5,985 |
| Rights income receivable | | 1,289 | 795 |
| Total loans and receivables | | 44,256 | 42,957 |
| Financial liabilities measured at amortised cost | | | |
| Trade payables | 18 | 12,039 | 11,259 |
| Other payables due in less than one year | | 6,672 | 2,005 |
| Other payables due in more than one year | 18 | 2,548 | 341 |
| Accruals | 18 | 12,868 | 16,602 |
| Total financial liabilities measured at amortised cost | | 34,127 | 30,207 |
| Net financial instruments | | 10,129 | 12,750 |

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

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, headed by the Group Finance Director and 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.

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

- ★ Invest utilising permitted instruments as authorised by the Board
- ★ Are held at a permitted institution
- ★ Have a defined maximum maturity date which is no longer than twelve months unless a UK Government bond
- ★ Are denominated in sterling, euro, US dollars, AUS dollars or Indian rupees
- ★ Pay interest at a fixed, floating or discount rate

Interest rate profile of financial assets

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|--------------------------------|------------------------------|------------------------------|
| Variable rate financial assets | 14,078 | 12,639 |
| Fixed rate financial assets | 547 | – |
| Total | 14,625 | 12,639 |

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 0.3% (2012: 0.9%). The Group had no interest-bearing financial liabilities at 28 February 2013 or 29 February 2012.

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 2013 would not affect the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2013 £'000 | 29 February 2012 £'000 |
|---|------------------------------|------------------------------|
| Impact on profit or loss and equity | | |
| 1% increase in base rate of interest (2012: 1%) | 146 | 126 |
| 0.5% decrease in base rate of interest (2012: 0.5%) | (73) | (117) |

(ii) Currency risk

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

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

| | Loans and receivables | | Financial Liabilities | |
|--------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 28 February 2013 £'000 | 29 February 2012 £'000 | 28 February 2013 £'000 | 29 February 2012 £'000 |
| GBP | 28,401 | 26,438 | 22,673 | 24,377 |
| USD | 12,184 | 9,705 | 8,838 | 3,061 |
| EURO | 903 | 3,927 | 60 | – |
| AUD | 2,530 | 2,887 | 2,383 | 2,769 |
| INR | 238 | – | 173 | – |
| Total | 44,256 | 42,957 | 34,127 | 30,207 |

No significant amounts of loans and receivables or financial liabilities are denominated in currencies other than sterling, US dollars, Euros, Australian dollars and Indian rupees.

Foreign currency sensitivity analysis

The Group derived the following sensitivities based on the outstanding foreign currency denominated financial assets and liabilities at the year end. The sensitivity analysis includes loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower.

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

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|--|------------------------------|------------------------------|
| Impact on equity | | |
| 10% weakening in US dollar against pound sterling (2012: 10%) | (304) | (581) |
| 10% strengthening in US dollar against pound sterling (2012: 10%) | 372 | 706 |
| 10% weakening in Euro against pound sterling (2012: 10%) | (77) | (351) |
| 10% strengthening in Euro against pound sterling (2012: 10%) | 94 | 451 |
| 10% weakening in AUS dollar against pound sterling (2012: 10%) | (13) | (11) |
| 10% strengthening in AUS dollar against pound sterling (2012: 10%) | 16 | 13 |
| 10% weakening in INR against pound sterling (2012: 10%) | (6) | – |
| 10% strengthening in INR against pound sterling (2012: 10%) | 7 | – |
| Impact on income statement | | |
| 10% weakening in US dollar against pound sterling (2012: 10%) | (67) | (29) |
| 10% strengthening in US dollar against pound sterling (2012: 10%) | 82 | 35 |
| 10% weakening in Euro against pound sterling (2012: 10%) | (77) | (22) |
| 10% strengthening in Euro against pound sterling (2012: 10%) | 94 | 29 |
| 10% weakening in AUS dollar against pound sterling (2012: 10%) | – | – |
| 10% strengthening in AUS dollar against pound sterling (2012: 10%) | – | – |
| 10% weakening in INR against pound sterling (2012: 10%) | – | – |
| 10% strengthening in INR against pound sterling (2012: 10%) | – | – |

The Group's sensitivity has decreased in the current year due to the disposal of Bloomsbury Verlag GmbH in the prior year (functional currency Euro).

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 17.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings as assigned by international credit-rating agencies.

The Group determines its concentration of credit risk based on the individual characteristics of its customers and publicly available knowledge of specific circumstances affecting those customers. The Group defines counterparties as having similar characteristics if they are related entities.

The Group has a significant concentration of credit risk due to its use of third party distributors. Credit limits for the final customers are set by the distributors based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The distributors belong to established international groups whose business includes a number of publishing interests and clients. The Group's risk is limited as significant amounts outstanding through the UK distributors are secured by credit insurance and letters of credit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

c) Liquidity risk

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

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

The Group has an unsecured revolving credit facility with Lloyds TSB Bank Plc. At 28 February 2013 the Group had at its disposal £12 million of undrawn borrowing facilities (2012: £12 million) comprised of a £10 million committed revolving loan facility and a £2 million overdraft. The overdraft facility is available until November 2013 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, all other financial liabilities are due within one year.

24. Operating leases

At 28 February 2013 the Group had the following outstanding commitments under non-cancellable operating leases:

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|--|------------------------------|------------------------------|
| Within one year | 1,245 | 1,165 |
| Later than one year and less than five years | 4,740 | 2,905 |
| After more than five years | 6,144 | 2,274 |
| Total | 12,129 | 6,344 |

The operating leases represent rentals payable by the Group for certain office properties, vehicles and equipment. The lease terms over properties are for an average of eleven years. The lease at the headquarters in Bedford Square is for a period of twenty years with an option to break the lease at the tenth year. The operating leases over vehicles are in respect of company cars driven by certain employees. The lease terms are for an average of three years. The operating leases over equipment are in respect of office equipment. The lease terms are for an average of three years.

25. Commitments and contingent liabilities

a) Capital commitments

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|-------------------------------|------------------------------|------------------------------|
| Property, plant and equipment | 145 | 214 |
| Intangible assets | – | 125 |
| Total | 145 | 339 |

b) Other commitments

The Group is committed to paying royalty advances to authors for books yet to be published under publishing contracts in subsequent financial years. At 28 February 2013 this commitment amounted to £14,958,000 (2012: £15,360,000).

c) Guarantees

The Company and certain of its subsidiaries have guarantees to Lloyds TSB Bank Plc in place relating to the Group's borrowing facilities, see note 23c).

26. Related party transactions

The Group has no related party transactions other than key management remuneration as disclosed in note 5.

27. Investments in subsidiary companies

The principle subsidiary companies at 28 February 2013 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 | 100% | Intermediate holding company |
| Bloomsbury Publishing Inc | USA | 100% | Publishing |
| Bloomsbury Information Limited | England | 100% | Publishing |
| Bloomsbury Professional Limited | England | 100% | Publishing |
| Bloomsbury Australia PTY Limited | Australia | 100% | Publishing |
| The Continuum International Publishing Group Limited | England | 100% | Publishing |
| Subsidiary undertakings held through a subsidiary company: | | | |
| A & C Black Publishers Limited | England | 100% | Publishing |
| Christopher Helm (Publishers) Limited | England | 100% | Publishing |
| Oxford International Publishers Limited t/a Berg Publishers | England | 100% | Publishing |
| Berg Fashion Library Limited | England | 100% | Publishing |
| John Wisden & Co Limited | England | 100% | Publishing |
| The Continuum International Publishing Group Inc | USA | 100% | Publishing |
| Bloomsbury Publishing India Private Limited | India | 100% | Publishing |

All subsidiary undertakings are included in the consolidation.

For the year ended 28 February 2013 the following subsidiary companies were entitled to exemption from audit under section 479A of the Companies Act 2006:

Bloomsbury Information Limited
 Bloomsbury Professional Limited
 The Continuum International Publishing Group Limited
 A & C Black Publishers Limited
 Christopher Helm (Publishers) Limited
 Oxford International Publishers Limited t/a Berg Publishers
 Berg Fashion Library Limited
 John Wisden & Co Limited

A full list of subsidiary undertakings at 28 February 2013 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 2013

COMPANY NUMBER 1984336

| | Notes | 28 February 2013 £'000 | 29 February 2012 £'000 |
|---|-------|------------------------------|------------------------------|
| Assets | | | |
| Intangible assets | 30 | 2,016 | 1,857 |
| Property, plant and equipment | 31 | 2,764 | 2,771 |
| Investments in subsidiary companies | 32 | 54,237 | 54,237 |
| Deferred tax assets | 33 | 249 | 286 |
| Trade and other receivables | 35 | 11,609 | 11,211 |
| Total non-current assets | | 70,875 | 70,362 |
| Inventories | 34 | 4,170 | 4,389 |
| Trade and other receivables | 35 | 37,640 | 39,594 |
| Cash and cash equivalents | | 8,750 | 7,755 |
| Total current assets | | 50,560 | 51,738 |
| Total assets | | 121,435 | 122,100 |
| Liabilities | | | |
| Deferred tax liabilities | 33 | 153 | 109 |
| Other payables | 36 | 524 | 341 |
| Total non-current liabilities | | 677 | 450 |
| Trade and other payables | 36 | 35,312 | 34,711 |
| Current tax liabilities | | 1,098 | 618 |
| Total current liabilities | | 36,410 | 35,329 |
| Total liabilities | | 37,087 | 35,779 |
| Net assets | | 84,348 | 86,321 |
| Equity | | | |
| Share capital | 37 | 924 | 924 |
| Share premium | | 39,388 | 39,388 |
| Other reserves | 37 | 4,007 | 3,460 |
| Retained earnings | 37 | 40,029 | 42,549 |
| Total equity attributable to owners of the Company | | 84,348 | 86,321 |

The Company financial statements were approved by the Board of Directors and authorised for issue on 12 June 2013.

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 | Capital redemption reserve £ '000 | Share-based payment reserve £ '000 | Retained earnings £ '000 | Total £ '000 |
|--|----------------------------|----------------------------|--|---|--------------------------------|-----------------|
| At 1 March 2011 | 924 | 39,388 | 22 | 3,197 | 42,218 | 85,749 |
| Profit for the year | – | – | – | – | 3,981 | 3,981 |
| Other comprehensive income | | | | | | |
| Deferred tax on share-based payment transactions | – | – | – | – | 11 | 11 |
| Total comprehensive income for the year | – | – | – | – | 3,992 | 3,992 |
| Transactions with owners | | | | | | |
| Dividends to equity holders of the Company | – | – | – | – | (3,661) | (3,661) |
| Share-based payment transactions | – | – | – | 255 | – | 255 |
| Share options cancelled | – | – | – | (14) | – | (14) |
| Total transactions with owners of the Company | – | – | – | 241 | (3,661) | (3,420) |
| At 29 February 2012 | 924 | 39,388 | 22 | 3,438 | 42,549 | 86,321 |
| Profit for the year | – | – | – | – | 1,293 | 1,293 |
| Other comprehensive income | | | | | | |
| Deferred tax on share-based payment transactions | – | – | – | – | (20) | (20) |
| Total comprehensive income for the year | – | – | – | – | 1,273 | 1,273 |
| Transactions with owners | | | | | | |
| Dividends to equity holders of the Company | – | – | – | – | (3,793) | (3,793) |
| Share-based payment transactions | – | – | – | 547 | – | 547 |
| Total transactions with owners of the Company | – | – | – | 547 | (3,793) | (3,246) |
| At 28 February 2013 | 924 | 39,388 | 22 | 3,985 | 40,029 | 84,348 |

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2013

| | 28 February 2013 £ '000 | 29 February 2012 £ '000 |
|--|-------------------------------|-------------------------------|
| Cash flows from operating activities | | |
| Profit before tax | 2,090 | 4,224 |
| Finance income | (294) | (376) |
| Finance costs | – | 1 |
| Operating profit | 1,796 | 3,849 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 417 | 257 |
| Amortisation of intangible assets | 512 | 309 |
| Share-based payment charges | 234 | 122 |
| | 2,959 | 4,537 |
| Decrease/(increase) in inventories | 219 | (1,360) |
| Increase in trade and other receivables | (260) | (12,726) |
| Increase in trade and other payables | 758 | 14,807 |
| Cash generated from operations | 3,676 | 5,258 |
| Income taxes (paid)/received | (259) | 156 |
| Net cash generated from operating activities | 3,417 | 5,414 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (410) | (2,482) |
| Purchase of businesses | – | (18,048) |
| Purchases of intangible assets | (671) | (895) |
| Proceeds from sale of businesses | 2,158 | – |
| Interest received | 294 | 429 |
| Net cash received from/(used in) investing activities | 1,371 | (20,996) |
| Cash flows from financing activities | | |
| Purchase of shares by the Employee Benefit Trust | – | (2,008) |
| Equity dividends paid | (3,793) | (3,661) |
| Interest paid | – | (4) |
| Net cash used in financing activities | (3,793) | (5,673) |
| Net increase/(decrease) in cash and cash equivalents | 995 | (21,255) |
| Cash and cash equivalents at beginning of year | 7,755 | 29,010 |
| Cash and cash equivalents at end of year | 8,750 | 7,755 |

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 136. 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 the foreseeable future.

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 £1,293,000 (2012: £3,981,000).

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 2 v) 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 2013 and have not had an impact on the Company financial statements:

- ★ Amendments to IFRS 7 'Financial instruments: Disclosures';
- ★ Amendments to IAS 12 'Income taxes';
- ★ Amendments to IFRS 1 'First-time adoption'.

The Directors have considered the impact of new and revised accounting standards, interpretations or amendments on the Company 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:

- ★ Amendment to IAS 1 'Financial statement presentation' (effective for annual periods beginning on or after 1 July 2012). The amendment requires the presentation of other comprehensive income items on the basis of whether they are potentially reclassifiable to profit or loss.
- ★ Amendment to IAS 19 'Employee benefits' (effective for annual periods beginning on or after 1 January 2013). There are various amendments which, based on preliminary analyses, will not have an impact on the Company financial statements.

COMPANY ACCOUNTING POLICIES

- ★ 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 2013). The Company is currently assessing the impact that these standards will have on the financial position and performance but, based on preliminary analyses, no material impact is expected.
- ★ IFRS 13 'Fair value measurement' (effective for annual periods beginning on or after 1 January 2013). The standard establishes guidance for fair value measurements. The Company is currently assessing the impact that this standard will have on the financial position and performance but, based on preliminary analyses, no material impact is expected.

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, sharesave scheme and share appreciation rights scheme are equity settled. The fair values of such options have been calculated using the Black-Scholes model or a modified version of the same, based on publicly available market data.

Awards granted under the Company's performance share plan are equity settled. Half of any award granted under the plan is subject to a Total Shareholder Return performance condition. The fair value of this element of the awards is calculated using the stochastic model. Half of any award granted under the plan is subject to an Earnings Per Share performance condition. The fair value of this element of the awards is calculated using the Black-Scholes model.

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS

30. Intangible assets

| | Publishing relationships £'000 | Systems development £'000 | Total £'000 |
|----------------------------|--------------------------------------|---------------------------------|----------------|
| Cost | | | |
| At 1 March 2011 | 660 | 684 | 1,344 |
| Additions | – | 895 | 895 |
| At 29 February 2012 | 660 | 1,579 | 2,239 |
| Additions | – | 671 | 671 |
| At 28 February 2013 | 660 | 2,250 | 2,910 |
| Amortisation | | | |
| At 1 March 2011 | 44 | 29 | 73 |
| Charge for the year | 132 | 177 | 309 |
| At 29 February 2012 | 176 | 206 | 382 |
| Charge for the year | 132 | 380 | 512 |
| At 28 February 2013 | 308 | 586 | 894 |
| Net book value | | | |
| At 28 February 2013 | 352 | 1,664 | 2,016 |
| At 29 February 2012 | 484 | 1,373 | 1,857 |

The amortisation charge of £512,000 (2012: £309,000) was included in administrative expenses in the year.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

31. Property, plant and equipment

| | Short leasehold improvements £'000 | Furniture and fittings £'000 | Computers and other office equipment £'000 | Total £'000 |
|----------------------------|---|------------------------------------|--|----------------|
| Cost | | | | |
| At 1 March 2011 | 1,810 | 453 | 1,310 | 3,573 |
| Additions | 2,202 | 106 | 174 | 2,482 |
| Disposals | (1,634) | (195) | (885) | (2,714) |
| At 29 February 2012 | 2,378 | 364 | 599 | 3,341 |
| Additions | 259 | 16 | 135 | 410 |
| At 28 February 2013 | 2,637 | 380 | 734 | 3,751 |
| Depreciation | | | | |
| At 1 March 2011 | 1,634 | 349 | 1,044 | 3,027 |
| Charge for the year | 119 | 31 | 107 | 257 |
| Disposals | (1,634) | (195) | (885) | (2,714) |
| At 29 February 2012 | 119 | 185 | 266 | 570 |
| Charge for the year | 268 | 30 | 119 | 417 |
| At 28 February 2013 | 387 | 215 | 385 | 987 |
| Net book value | | | | |
| At 28 February 2013 | 2,250 | 165 | 349 | 2,764 |
| At 29 February 2012 | 2,259 | 179 | 333 | 2,771 |

The depreciation charge of £417,000 (2012: £257,000) was included in administrative expenses.

32. Investment in subsidiary companies

| | £'000 |
|---|---------------|
| Cost | |
| At 1 March 2011 | 53,083 |
| Additions | 18,048 |
| Disposals | (7,452) |
| At 29 February 2012 and 28 February 2013 | 63,679 |
| Impairment | |
| At 1 March 2011 | 16,894 |
| Disposals | (7,452) |
| At 29 February 2012 and 28 February 2013 | 9,442 |
| Net book value | |
| At 29 February 2012 and 28 February 2013 | 54,237 |

The additions in the financial year ending 29 February 2012 represent the investment in The Continuum International Publishing Group Limited. A list of subsidiaries can be found in note 27.

33. Deferred tax assets and liabilities

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

Movement in temporary differences during the year:

| | Property, plant and equipment £'000 | Retirement benefit obligation £'000 | Share- based payments £'000 | Other £'000 | Total £'000 |
|---|--|--|--------------------------------------|----------------|----------------|
| At 1 March 2011 | (18) | – | 277 | 21 | 280 |
| (Charge)/credit to the income statement | (90) | 7 | (31) | – | (114) |
| Credit to other comprehensive income | – | – | 11 | – | 11 |
| Reallocation | (1) | 9 | 13 | (21) | – |
| At 29 February 2012 | (109) | 16 | 270 | – | 177 |
| Charge to the income statement | (44) | – | (17) | – | (61) |
| Charge to other comprehensive income | – | – | (20) | – | (20) |
| At 28 February 2013 | (153) | 16 | 233 | – | 96 |

Due to changes in the statutory tax rate in the UK, deferred tax is provided at 23% (2012: 25%) which is the rate that has been substantively enacted to apply from 1 April 2013. The impact of the change in tax rate is a charge of £13,000 (2012: £14,000), of which £8,000 (2012: £17,000) has been recognised in the deferred tax charge in the income statement and the remainder recognised in other comprehensive income.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

The analysis for financial reporting purposes is as follows:

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|--------------------------|------------------------------|------------------------------|
| Deferred tax assets | 249 | 286 |
| Deferred tax liabilities | (153) | (109) |
| Total | 96 | 177 |

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. Inventory

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|---------------------------|------------------------------|------------------------------|
| Raw materials | 9 | 10 |
| Work in progress | 1,648 | 1,910 |
| Finished goods for resale | 2,513 | 2,469 |
| Total | 4,170 | 4,389 |

The cost of inventories recognised as cost of sales amounted to £7,703,000 (2012: £8,984,000).

The provision and write down of inventories to net realisable value recognised in cost of sales amounted to £1,004,000 (2012: £863,000).

35. Trade and other receivables

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|--|------------------------------|------------------------------|
| Non-current | | |
| Amounts owed by group undertakings | 11,609 | 11,211 |
| Current | | |
| Gross trade receivables | 19,360 | 17,716 |
| Less provision for impairment of receivables | (596) | (576) |
| Less provision for returns | (1,658) | (2,121) |
| Net trade receivables | 17,106 | 15,019 |
| Amounts owed by group undertakings | 5,246 | 6,472 |
| Other receivables | 3,238 | 3,197 |
| Prepayments and accrued income | 12,050 | 14,906 |
| Total current receivables | 37,640 | 39,594 |
| Total trade and other receivables | 49,249 | 50,805 |

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 2013, £2,328,000 (2012: £2,511,000) of prepayments and accrued income are expected to be recovered after more than 12 months.

The Directors consider that the carrying amount of trade and other receivables approximates their fair values. The Company's exposure to credit and currency risks is disclosed in note 39. 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 204 days (2012:167 days). All UK trade debtors are being recorded in one sales ledger in the Company.

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

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|-------------------------------|------------------------------|------------------------------|
| At start of year | 576 | 219 |
| Amounts released | (236) | – |
| Amounts utilised | (75) | (167) |
| Transferred from subsidiaries | 73 | 364 |
| Amounts created | 258 | 160 |
| At end of year | 596 | 576 |

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

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|-------------------------------|------------------------------|------------------------------|
| At start of year | 2,121 | 2,211 |
| Amounts utilised | (4,105) | (2,324) |
| Transferred from subsidiaries | 125 | 570 |
| Amounts created | 3,517 | 1,664 |
| At end of year | 1,658 | 2,121 |

Prepayments and accrued income include net advances of £10,056,000 (2012: £9,495,000). A provision is held against gross advances payable in respect of published titles which may not be fully earned down by anticipated future sales, paperback editions or contracts for subsidiary rights receivable. Movements on the Company provision for advances are as follows:

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|---------------------------------|------------------------------|------------------------------|
| Amounts released | (459) | – |
| Amounts created | 1,803 | 2,425 |
| Net movement in advances | 1,344 | 2,425 |

NOTES TO THE COMPANY FINANCIAL STATEMENTS

36. Trade and other payables

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|---|------------------------------|------------------------------|
| Non-current | | |
| Other payables | 524 | 341 |
| Current | | |
| Trade payables | 6,036 | 5,621 |
| Amounts owed to group undertakings | 21,121 | 17,304 |
| Taxation and social security | 472 | 411 |
| Other payables | 967 | 1,280 |
| Accruals and deferred income | 6,716 | 10,095 |
| Total current trade and other payables | 35,312 | 34,711 |
| Total trade and other payables | 35,836 | 35,052 |

Trade payables principally comprise amounts outstanding for trade purchases and on-going costs. Non-current other payables includes the authors' share of rights receivable falling due after more than one year.

37. Share capital and other reserves

For details of share capital, capital redemption reserve, share-based payment reserve and retained earnings see note 20. For details on the Company profit for the year see note 29 b).

For details of dividends see note 8.

38. 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 2013 £'000 | Year ended 29 February 2012 £'000 |
|---|--|--|
| Equity settled share-based transactions | 547 | 255 |
| Cash settled share-based transactions | 68 | – |
| Total | 615 | 255 |

£381,000 (2012: £133,000) of this amount was recharged to subsidiaries of the Company.

39. 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

| | | 28 February 2013 £'000 | 29 February 2012 £'000 |
|---|-------|------------------------------|------------------------------|
| | Notes | | |
| Loans and receivables | | | |
| Cash and cash equivalents | | 8,750 | 7,755 |
| Amounts owed by group undertakings | 35 | 16,855 | 17,683 |
| Trade receivables | 35 | 17,106 | 15,019 |
| Accrued income | | 371 | 3,847 |
| Rights income receivable | | 1,043 | 779 |
| Total loans and receivables | | 44,125 | 45,083 |
| Financial liabilities measured at amortised cost | | | |
| Trade payables | 36 | 6,036 | 5,621 |
| Accruals and deferred income | 36 | 6,716 | 10,095 |
| Other payables | | 1,439 | 1,691 |
| Amounts owed to group undertakings | 36 | 21,121 | 17,304 |
| Other payables due in more than one year | 36 | 524 | 341 |
| Total financial liabilities measured at amortised cost | | 35,836 | 35,052 |
| Net financial instruments | | 8,289 | 10,031 |

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

a) Market risk

i) Interest rate risk

Interest rate profile of financial assets

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|--------------------------------|------------------------------|------------------------------|
| Variable rate financial assets | 8,750 | 7,755 |

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 2013 £'000 | 29 February 2012 £'000 |
|---|------------------------------|------------------------------|
| Impact on profit or loss and equity | | |
| 1% increase in base rate of interest (2012: 1%) | 88 | 78 |
| 0.5% decrease in base rate of interest (2012: 0.5%) | (44) | (39) |

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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 2013 £'000 | 29 February 2012 £'000 | 28 February 2013 £'000 | 29 February 2012 £'000 |
| GBP | 41,887 | 40,737 | 35,147 | 35,052 |
| USD | 1,329 | 415 | 623 | – |
| EURO | 903 | 3,927 | 60 | – |
| AUD | 6 | 4 | 6 | – |
| Total | 44,125 | 45,083 | 35,836 | 35,052 |

Foreign currency sensitivity analysis

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

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

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|---|------------------------------|------------------------------|
| Impact on profit or loss and equity | | |
| 10% weakening in US dollar against pound sterling (2012: 10%) | (64) | (29) |
| 10% strengthening in US dollar against pound sterling (2012: 10%) | 79 | 35 |
| 10% weakening in Euro against pound sterling (2012: 10%) | (77) | (22) |
| 10% strengthening in Euro against pound sterling (2012: 10%) | 93 | 29 |

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 and letters of credit.

c) Liquidity risk

The Group has an unsecured revolving credit facility with Lloyds TSB Bank Plc. At 28 February 2013 the Group had at its disposal £12 million of undrawn borrowing facilities (2012: £12 million) comprised of a £10m committed revolving loan facility and a £2 million overdraft. The overdraft facility is available until November 2013 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.

40. Operating leases

At 28 February 2013 the Company had the following outstanding commitments under non-cancellable operating leases:

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|--|------------------------------|------------------------------|
| Within one year | 688 | 692 |
| Later than one year and less than five years | 2,436 | 2,520 |
| After more than five years | 1,680 | 2,274 |
| Total | 4,804 | 5,486 |

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

41. Commitments and contingent liabilities

a) Capital commitments

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|-------------------------------|------------------------------|------------------------------|
| Property, plant and equipment | – | 214 |
| Intangible assets | – | 125 |
| Total | – | 339 |

b) Other commitments

The Company is committed to paying royalty advances to authors for books yet to be delivered under publishing contracts in subsequent financial years. At 28 February 2013 this commitment amounted to £10,268,000 (2012: £10,031,000).

The Company is committed to paying the deferred consideration totalling £1,183,000 due on the AVA acquisition in two annual instalments.

c) Guarantees

The Company and certain of its subsidiaries have guarantees to Lloyds TSB Bank Plc in place relating to the Group's borrowing facilities, see note 39c).

The Company has guaranteed the liabilities of certain of its UK subsidiaries, being those listed in note 27 to enable them to take the audit exemption under section 479A of the Companies Act 2006.

As part of the acquisition of Fairchild Books, Bloomsbury Publishing Inc. entered into a promissory note and guarantee to pay to Advance Publishers Inc. \$4,333,334 in two annual instalments to satisfy the outstanding consideration on the acquisition. Bloomsbury Publishing Plc guaranteed the payment of this amount on behalf of its subsidiary.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

42. Related parties

Trading transactions

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

| | 28 February 2013 £'000 | 29 February 2012 £'000 |
|--|------------------------------|------------------------------|
| Sale of goods to subsidiaries | 2,449 | 4,449 |
| Management recharges | 6,913 | 1,074 |
| Commission income from subsidiaries | – | 249 |
| Commission payable to subsidiaries | 19 | – |
| Finance income from subsidiaries | 254 | 289 |
| Amounts owed by subsidiaries at year end | 16,855 | 17,683 |
| Amounts owed to subsidiaries at year end | 21,121 | 17,304 |

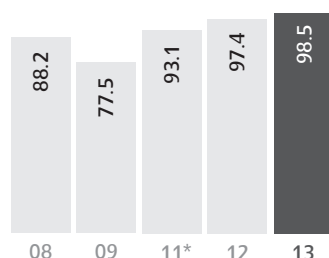
All amounts outstanding are unsecured and will be settled in cash. No provisions have been made for doubtful debts in respect of the amounts owed by subsidiaries.

Key management remuneration is disclosed in note 5.

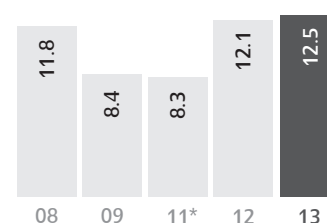
FIVE YEAR FINANCIAL SUMMARY

| | 2008 £ '000 | 2009 £ '000 | 2011* £ '000 | 2012 £ '000 | 2013 £ '000 |
|---|----------------|----------------|-----------------|----------------|----------------|
| Revenue | | | | | |
| Continuing | 88,166 | 77,531 | 93,144 | 97,399 | 98,479 |
| Discontinued | 11,782 | 9,686 | 10,254 | 5,818 | – |
| Total | 99,948 | 87,217 | 103,398 | 103,217 | 98,479 |
| Adjusted profit† | | | | | |
| Continuing | 11,826 | 8,410 | 8,266 | 12,109 | 12,505 |
| Discontinued | 20 | (699) | (597) | (2,692) | – |
| Total | 11,846 | 7,711 | 7,669 | 9,417 | 12,505 |
| Continuing adjusted diluted EPS‡ | 10.85p | 7.99p | 8.95p | 13.27p | 13.11p |
| Dividend per share | 4.22p | 4.43p | 5.00p | 5.20p | 5.50p |
| Net assets | 113,672 | 112,684 | 111,844 | 109,180 | 114,808 |
| Net cash | 51,908 | 35,036 | 36,876 | 12,639 | 14,625 |

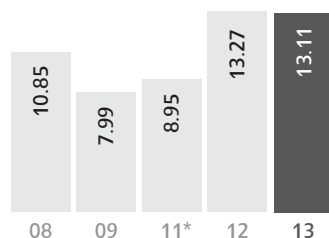
Continuing revenue
£m



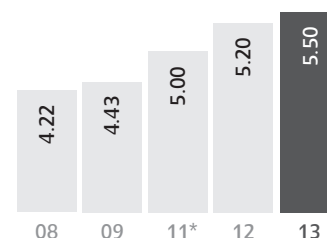
Continuing adjusted
profit† £m



Continuing adjusted
diluted EPS‡ Pence



Dividend per share
Pence



* 2011 is in respect of the 14 month period ended 28 February 2011. 2008 and 2009 are in respect of the 12 months ended 31 December. The current and prior year is in respect of the year ended 28 February 2013 and 29 February 2012.

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

‡ Continuing adjusted diluted EPS is calculated from continuing adjusted profit with tax normalised. The 2008, 2009 and 2011 comparatives have been restated for the classification of Bloomsbury Verlag GmbH as a discontinued operation.

COMPANY INFORMATION

Directors***Executive Directors***

Nigel Newton – Founder and Chief Executive
Richard Charkin – Executive Director
Wendy Pallot – Finance Director

Independent Non-Executive Directors

Jeremy Wilson – Independent Non-Executive Chairman
Ian Cormack – Senior Independent Director
Sarah Jane Thomson – Independent Non-Executive Director

Company Secretary

Michael Daykin FCIS, FCA

Registered Office

50 Bedford Square
London WC1B 3DP
020 7631 5600

Registered number

01984336 (England & Wales)

Auditor

Baker Tilly UK Audit LLP
25 Farringdon Street
London EC4A 4AB

Bankers

Lloyds Bank
25 Gresham Street
London
EC2V 7HN

Stockbrokers and Financial Advisers

Investec Investment Banking
2 Gresham Street
London
EC2V 7QP

Registrars

Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

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 2013 Annual General Meeting ("AGM") of Bloomsbury Publishing Plc (the "Company") is to be held at 50 Bedford Square, London WC1B 3DP on Tuesday 23 July 2013 at 12 noon. The formal notice convening the AGM is set out on pages 140 to 143 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 to 10 will be proposed as special resolutions.

As at 12 noon on the date of this notice, the Company's issued share capital comprised 73,844,724 Ordinary Shares of 1.25 pence each (subject to any changes which will be notified to you at the beginning of the AGM). Each Ordinary Share carries the right to one vote at a General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 12 noon on the date of this notice is 73,844,724.

As a shareholder, you are entitled to attend and vote but, if you are not able to attend, then you may appoint one or more proxies to attend, speak and vote on your behalf.

As your vote is important to us, whether or not you intend to come to the AGM, you are asked to return the form of proxy enclosed with this document. Completing the form of proxy will not prohibit Shareholders from attending, and voting at, the AGM in person.

The Ordinary Business to be proposed at the 2013 Annual General Meeting

Resolutions 1 to 3 (ordinary resolutions): The audited report and accounts of the Company for the year ended 28 February 2013 are recommended by the Board to be received by Shareholders.

A final dividend of 4.56 pence per Ordinary Share for the year ended 28 February 2013 is recommended by the Board to the Shareholders for approval.

The Directors' Remuneration Report, which includes details of the remuneration earned by, and paid to, the Directors in respect of the year ended 28 February 2013, is also recommended to the Shareholders for approval.

EXPLANATION OF THE ANNUAL GENERAL MEETING

Resolutions 4 and 5 (ordinary resolutions): In accordance with article 78.1 of the Articles of Association of the Company, one-third of the Directors who are subject to retirement by rotation are required to retire at the AGM. Wendy Pallot (who was last re-appointed as a Director at the Annual General Meeting of the Company held in 2011) and Jeremy Wilson (who was last re-appointed as a Director at the Annual General Meeting of the Company held in 2011) will retire at the AGM and, being eligible, offer themselves for re-appointment. The Board has considered the appraisal of the performance of each Director falling due to retire by rotation and recommends the reappointment of Wendy Pallot and Jeremy Wilson.

Resolutions 6 (ordinary resolution): The Board recommends that the incumbent External Auditor, Baker Tilly UK Audit LLP, is re-appointed for a further year so that they are able to audit the Company's report and accounts for the year ending 28 February 2014 and the Board proposes that it be authorised to determine the level of the auditors' remuneration.

The Shareholders first approved the re-appointment of Baker Tilly as the External Auditor at the Annual General Meeting held 27 June 2002. In view of the long standing nature of the appointment, the Audit Committee anticipates tendering the External Audit following the Annual General Meeting.

The Special Business to be proposed at the 2013 Annual General Meeting

Resolution 7 – authority to allot Ordinary Shares (ordinary resolution): This replaces the general authority, last given at the Company's Annual General Meeting held on 23 July 2012, for the Directors to allot Ordinary Shares. This resolution, if passed, would give the Directors the authority to allot up to 24,614,880 Ordinary Shares of 1.25 pence with a nominal value of £307,686, representing approximately 33.33% of the issued Ordinary Share capital of the Company at the date of this notice.

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

As at the date of signing the Directors Report for the 2013 Annual Report, the Directors have beneficial holdings of Ordinary Shares in the Company which in aggregate amount 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 options granted under the Bloomsbury Sharesave Plan 2005 that if they were to fully vest would entitle the Directors to further Ordinary Shares which in aggregate would amount to approximately 2.4% of the Ordinary Shares in issue.

Resolution 8 – Disapplication of statutory pre-emption provisions (special resolution): This resolution, which will be proposed as a special resolution, authorises the Directors to allot Ordinary Shares for cash without first offering them, pro rata, to existing shareholders.

The maximum nominal value of new Ordinary Shares which may be so allotted under this authority is £46,152 or 3,692,160 shares of 1.25 pence being equivalent to approximately 5% of the entire issued Ordinary Share capital of the Company at date of this notice. This authority would expire on the earlier of the conclusion of the Company's next Annual General Meeting and 15 months from the date of passing this resolution.

Resolution 9 – Authority for the Company to purchase Ordinary Shares (special resolution): With the authority of Shareholders in general meeting, the Company is empowered by the Articles of Association to purchase Ordinary Shares subject to the provisions of the Act. The Directors believe it is prudent to seek general authority from Shareholders to be able to act if circumstances arise in which they consider 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, which will be proposed as a special resolution, authorises the Company to purchase its own Ordinary Shares and either, depending on the circumstances at the time and subject to the provisions of the Act, to hold these as treasury shares or to cancel them. This authority would, if granted, expire on the earlier of the conclusion of the Company's next Annual General Meeting and 15 months from the date of passing this resolution.

The Company would be authorised to make market purchases of up to 7,384,472 Ordinary Shares of 1.25 pence with a nominal value of £923,059, being equivalent to approximately 10% of the issued Ordinary Share capital (excluding treasury shares) of the Company at the date of this notice. The maximum price (exclusive of expenses) shall be not more than 5% above the average market value of the Company's equity shares for the 5 business days prior to the day the purchase is made. The minimum price (exclusive of expenses) that may be paid shall be the nominal value of an Ordinary Share (1.25 pence).

Resolution 10 – Approval that a General Meeting may be called on not less than 14 clear days notice (special resolution): In terms of the Act, the notice period for general meetings (other than an AGM) is 21 clear days' notice unless the Company (i) has gained shareholder approval for the holding of general meetings on 14 clear days' notice by passing a special resolution at the most recent AGM; and (ii) offers the facility for all shareholders to vote by electronic means. The Company would like to preserve its ability to call general meetings (other than an AGM) on less than 21 clear days' notice. The shorter notice period would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. Resolution 10 seeks such approval. Should this resolution be approved it will be valid until the end of the next AGM. This is the same authority that was sought and granted at last year's AGM.

Action to be taken

As outlined above, information regarding the AGM is available from www.bloomsbury-ir.co.uk

Enclosed with this Notice, 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 Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent, BR3 4BR and, in any event, so as to reach such address no later than 48 hours before the appointed commencement time of the AGM (for which a prepaid business reply service has been provided). You may also deliver it by hand to Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU during usual business hours, by such time.

Recommendations

The Board considers that the passing of Resolutions 1 to 10 is in the best interests of the Company and of the Shareholders as a whole, and are most likely to promote the success of the Company. The Board unanimously recommends that you vote in favour of all the resolutions, as each of the Directors intends to do in respect of his or her own beneficial holdings of shares in the Company.

Yours faithfully

Michael Daykin

Company Secretary
Bloomsbury Publishing Plc
12 June 2013

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 2013 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 2013, together with the Report of the Directors and the Report of the Auditors thereon.
2. To approve the Directors' Remuneration Report for the year ended 28 February 2013.
3. A final dividend for the year ended 28 February 2013 of 4.56 pence per Ordinary Share in the capital of the Company, be declared payable on 24 September 2013 to shareholders registered at the close of business on 30 August 2013.
4. To re-elect Wendy Pallot as a Director of the Company.
5. To re-elect Jeremy Wilson as a Director of the Company.
6. To resolve that Baker Tilly UK audit LLP be and are hereby reappointed 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 and to authorise the Directors to determine the remuneration of the auditors on behalf of the Company.

Special Business

To consider and, if thought fit, to pass the following resolutions of which resolution 7 will be proposed as an ordinary resolution and resolutions 8, 9 and 10 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 £307,686 provided that:
 - (i) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, 15 months from the date of passing of this resolution, unless previously varied, revoked or renewed by the Company in general meeting; and
 - (ii) the Company shall be entitled to make, before the expiry of such authority, any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares in the Company to be granted after the expiry of such authority and the Directors may allot any shares pursuant to such offer or agreement as if such authority had not expired; and
 - (b) all prior authorities to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company given to the Directors by resolution of the Company be revoked but without prejudice to the allotment of any shares already made or to be made pursuant to such authorities.
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:

NOTICE OF ANNUAL GENERAL MEETING

BLOOMSBURY PUBLISHING PLC

- (i) in connection with a rights issue, open offer or other pre-emptive offer in favour of holders of Ordinary Shares in the Company ("Ordinary Shares") where the equity securities respectively attributable to the interests of all such holders of Ordinary Shares are proportionate (as nearly as may be) to the respective numbers of and/or rights attaching to Ordinary Shares held by them, subject to such exceptions, exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any regulatory body or any stock exchange or otherwise in any territory;
- (ii) pursuant to the terms of the Company's existing employees' share or share option schemes or any other employees' share scheme approved by the members of the Company in general meeting;
- (iii) (other than pursuant to paragraphs (i) or (ii) above) up to a nominal value not exceeding in aggregate £46,152;

and shall expire at the conclusion of the next Annual General Meeting of the Company after passing this resolution or, if earlier, 15 months from the date of passing of this resolution, unless previously varied, revoked or renewed by the Company in general meeting, and provided that the Company may, before such expiry, make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if the power hereby conferred had not expired; and

- (b) all prior powers granted under section 571 of the Act be revoked provided that such revocation shall not have retrospective effect.

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 7,384,472 shares being approximately 10% of the issued Ordinary Shares of the Company
- (b) the maximum price (exclusive of expenses) which may be paid for each Ordinary Share is an amount equal to 105 per cent of the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such share is contracted to be purchased and the minimum price (exclusive of expenses) which may be paid for each Ordinary Share is 1.25 pence;
- (c) the authority hereby conferred shall, unless previously varied, revoked or renewed, expire at the conclusion of the next Annual General Meeting of the Company to be held after passing this resolution or 15 months from the date of passing of this resolution, whichever shall be the earlier; and
- (d) the Company shall be entitled under such authority to make at any time before its expiry or termination any contract to purchase its own shares which will or might be concluded wholly or partly after the expiry or termination of such authority and may purchase its own shares pursuant to such contract.

10. THAT a general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days notice.

Dated 12 June 2013

By order of the Board

Michael Daykin
Company Secretary
Bloomsbury Publishing Plc

Registered office:
50 Bedford Square
London
WC1B 3DP

NOTICE OF ANNUAL GENERAL MEETING

BLOOMSBURY PUBLISHING PLC

Notes:

1. Only the holders of ordinary shares are entitled to attend the meeting and vote. A member entitled to attend and vote may appoint one or more proxies to attend, speak and vote on his behalf. A proxy need not be a member of the Company. A form of proxy is enclosed for your use. Further copies of the form of proxy may be obtained from the registered office of the Company or from www.bloomsbury-ir.co.uk.
2. If a member wishes his proxy to speak on his behalf at the meeting, he or she will need to appoint his own choice of proxy (who is not the Chairman) and give instructions directly to the proxy. The completion and return of a form of proxy will enable a shareholder to vote at the Annual General Meeting without having to be present at the Annual General Meeting, but will not preclude him or her from attending the Annual General Meeting and voting in person if he or she should subsequently decide to do so.
3. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please sign and date the form of proxy and attach a schedule listing the names and addresses (in block letters) of all your proxies, the number of shares in respect of which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) and indicating how you wish each proxy to vote or abstain from voting. If you wish to appoint the Chairman as one of your multiple proxies, insert "Chairman of the Meeting" in the box which is used to identify the name of the proxy on the relevant proxy card.
4. To be valid, the enclosed form of proxy must be lodged with the Company's Registrars, Capita 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 21 July 2013 will be entitled to attend and vote at the Annual General Meeting in respect of the number of ordinary shares registered in their name at that time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated ("Relevant Member"), have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she, under any such agreement, may have a right to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
7. The statement of the rights of shareholders in relation to the appointment of proxies does not apply to Nominated Persons. The rights described in this regard can only be exercised by shareholders of the Company.
8. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 to 531 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

9. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
10. In the case of joint registered holders, the signature of one holder will be accepted and the vote of the senior who tenders a vote, whether in person or proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand on the register of members in respect of the relevant joint holding.
11. Copies of the following documents will be available for inspection at the Company's Registered Office, 50 Bedford Square, London WC1B 3DP, during usual business hours on any weekday, Saturdays and public holidays excepted, from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the meeting:
 - ★ copies of the service agreements under which Directors of the Company are employed by the Company or its subsidiaries
 - ★ copies of letters of appointment of the Non-Executive Directors
 - ★ a copy of the Articles of Association of the Company.
 - ★ The terms of reference of the Audit Committee, the Remuneration Committee and Nomination Committee of the Board.
12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID **RA10**) no later than 48 hours before the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.





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