

Company Number: 01984336



# Bloomsbury Publishing Plc

ANNUAL REPORT & ACCOUNTS 2016

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# Introduction

Bloomsbury Publishing is an independent global publisher listed on the London Stock Exchange with offices in London, New York, New Delhi and Sydney. Over its 30-year history, Bloomsbury's mission has been to publish works of excellence and originality. Bloomsbury has built up a valuable portfolio of content and rights-based intellectual property assets.

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## Telegraph Money

### Why these are Britain's best dividend shares

Research for Telegraph Money by SharePad, a portfolio analysis tool, filtered the UK stock market for companies that have grown dividends every year for at least two decades.

It looked at every share in the FTSE All Share, excluding investment trusts. In applying the screen some shares, such as Royal Dutch Shell which has not cut its dividends since 1945, do not feature. This is because there has been at least one year when the dividend was maintained rather than increased.

A total of ten shares qualified as dividend kings:

Share Name	Industry	Dividend Cover	Dividend Yield
Vodafone	Telecoms	5.2%	0.5
Cranswick	Food	1.8%	2.8
SSE	Energy	6.2%	1.2
RPC	Plastics specialist	2.2%	2.6
Fuller Smith & Turner	Brewer and pubs	1.6%	3.2
Halma	Health and safety devices	1.4%	2.7
<b>Bloomsbury</b>	<b>Publishing</b>	<b>4.3%</b>	<b>2.2</b>
PZ Cussons	Household goods	2.7%	2.1
Capita	Outsourcing	3.3%	2.2
Mitie Group	Outsourcing	4.6%	2.0

Source: SharePad. Please note data used is the forecast dividend yield, based on analysts' expectations in one year's time.

Phil Oakley, analyst at SharePad, said:

*"A long track record of dividend growth can be seen as a hallmark of a high quality and resilient business. It shows a company has been able to prosper in good times and bad and might be able to keep on doing so.*

*But investors also need to be wary. Sometimes management can become slaves to a dividend policy and pay dividends which aren't sustainable. Investors need to keep an eye on the levels of dividend cover and whether a company might be borrowing to pay its dividend due to a lack of cash flow."*

This "cover" is calculated by comparing profits and dividends. As a rule of thumb, a low dividend cover score, around one or lower, suggests dividends are vulnerable, as the company is using most, if not all, of its profits to fund the dividend. A figure of two or more is comfortable.

An extract of an article in Telegraph Money by Kyle Caldwell, 27 March 2016.

The full article is found at <http://www.telegraph.co.uk/investing/shares/why-these-are-britains-best-dividend-shares/>

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Revenue  
£m

Total dividend  
pence

Profit before tax  
£m

Adjusted profit<sup>1</sup>  
£m

Adjusted diluted EPS<sup>2</sup>  
£m

Diluted EPS  
£m

**Notes:**

1. Adjusted profit is profit before taxation, amortisation of acquired intangible assets and other highlighted items. 2014 has been restated to add back internally generated intangible asset amortisation to adjusted profit.
2. Adjusted diluted EPS is calculated from adjusted profit with taxation on adjusted profit deducted. Again 2014 has been restated to reflect the change in treatment of internally generated intangible asset amortisation.

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# Highlights

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## Financial Highlights

- \* Revenue grew by 11% to £123.7 million (2015: £111.1 million)
- \* Profit before taxation and highlighted items increased by 8% to £13.0 million (2015: £12.1 million)
- \* Both revenue and profit benefited from the successful integration of Osprey Publishing acquired in December 2014
- \* Final dividend per share of 5.34 pence (2015: 5.08 pence) making a total dividend of 6.4 pence for the year (2015: 6.1 pence)
- \* Diluted earnings per share, excluding highlighted items, were 15.24 pence (2015: 14.73 pence)

## Strategic Developments

- \* Bloomsbury 2020 launched in May 2016, moving Bloomsbury further into the area of B2B digital publishing; a significant growth plan for Bloomsbury Digital Resources Publishing, a new range of scholarly digital resources aimed at academic libraries worldwide whose collective budgets are approximately \$5 billion
- \* Announcement in May 2016 of reorganisation of Bloomsbury from four to two divisions: Consumer and Non-Consumer, to reflect the increasing emphasis on our Non-Consumer businesses

## Operational Highlights

### Children's & Educational

- \* Revenue for the year increased by 57% to £41.8 million (2015: £26.6 million)
- \* Sales of Harry Potter in the year grew by 133%, including *Harry Potter and the Philosopher's Stone* Illustrated Edition by J. K. Rowling and Jim Kay, which is being published to great acclaim
- \* *A Court of Mist and Fury* by Sarah J. Maas hit number one on the *New York Times* bestseller list in May 2016. Sales of Sarah J. Maas titles, which included *A Court of Thorns and Roses*, grew by 184%

### Adult division

- \* Revenue increased by 3% year on year to £46.0 million (2015: £44.7 million)
- \* Osprey Publishing, which was acquired in December 2014, generated revenue of £7.2 million (2015: £1.5 million)
- \* Focus on special interest niches paying off, representing 14% of total Bloomsbury sales (2015: 10%)

### Academic & Professional

- \* Revenue for the year was £32.7 million (2015: £36.0 million), slightly lower as expected due to a strong rights and services comparator last year
- \* Digital revenues grew by 24% year on year to £5.3 million, more than treble the industry growth rate  
(Source: Publishing Association: Digital Sales Monitor)

- \* Digital now represents 16% of total revenues in the division (2015: 12%)
- \* Acquisition of the definitive family law list for net consideration of £0.5m

### Bloomsbury Information

- \* Revenue for the year was £3.2 million (2015: £3.9 million)
- \* Operating profit before highlighted items was up 9% to £1.2 million (2015: £1.1 million)
- \* From 2016, Bloomsbury is providing publishing services to the Arcadian Library, one of the finest collections of books about relations between the West and the Arab and Islamic worlds

### Strong list for the year ahead

- \* *Harry Potter and the Chamber of Secrets* Illustrated Edition by J. K. Rowling and Jim Kay
- \* Two front list Sarah J. Maas titles
- \* New cookery titles from Tom Kerridge and Hugh Fearnley-Whittingstall
- \* New content from J. K. Rowling for the new edition of *Fantastic Beasts & Where to Find Them*

# Chairman's Statement



**A**s it approaches its 30th birthday in September, I am pleased to report that Bloomsbury has had a good year in terms of the quality of both its publishing and its financial results. Total revenue is up 11% and operating profit before highlighted items is up 8%. The overall results of the business are in line with market expectations. Based on this the Board proposes a final dividend of 5.34 pence per share to Shareholders on the register on 26 August 2016, which gives an increase in full year dividend of 5% and continues Bloomsbury's long-term stable dividend growth.

The Group continues to pursue its strategy of increasing the proportion of its business in non-consumer areas. In order to leverage our entrepreneurial workforce and valuable portfolio of intellectual property, I am delighted to report on a new major strategic growth initiative, Bloomsbury 2020. This initiative will accelerate the expansion of the Group's range of digital content products and will invest in the B2B sales processes to grow sales and revenues. This will build on the success of our platforms such as Drama Online, Bloomsbury Collections and Berg Fashion Library. From the time of Bloomsbury's foundation in 1986, our overarching mission – to publish works of excellence and originality – has guided the business and will continue to do so with this new initiative.

We are also simplifying our organisational structure by combining our Adult and Children's consumer books divisions and combining Business Information with Academic & Professional along with Special Interest and Educational into a Non-Consumer division. These changes will help to streamline our internal processes.

More details on Bloomsbury 2020 and the restructuring are given in the Chief Executive's Review that follows this Chairman's Statement. We remain as committed as ever to Adult and Children's publishing and to improving constantly the support we give our authors.

We are delighted that Richard Charikin has agreed to stay on the Board when, at the end of this financial year, he reduces his formal time commitment to two days a week.

I am pleased to confirm that the two most recent appointments to the Board made following the 2015 AGM in July 2015, namely Jonathan Glasspool as an Executive Director and John Warren as the Senior Independent Director and Chair of the Audit Committee, have both settled in well. The Corporate Governance section of the Annual Report explains the Board's evaluation process and provides a summary of the findings and conclusions of this year's Board evaluation. The Board has concluded that it can best support the business as it evolves through a programme of regular new board appointments. This will ensure that, at a time of considerable change, there is a steady inflow to the Board of new insights from other businesses. We plan that the size of the Board will remain at 8 and, generally speaking, we anticipate appointing one new non-executive director each year and for the average duration of non-executive appointments to be around 4 years.

We recently welcomed two new institutional Shareholders to our portfolio, namely Fidelity UK and Majedie Asset Management Limited. The Board continues to be keen to receive any feedback from Shareholders.

We are proud of the high social value of our core business of promoting literature and literacy. Bloomsbury's authors enrich the lives of millions of people across the world. I would like, on behalf of the Board, to thank all our staff for their hard work and commitment to publishing the Bloomsbury way.

Bloomsbury is a highly innovative publishing group with a Board and management team who demonstrate their capacity to adapt in order to stay ahead of the challenges of a rapidly changing market. The depth of talent across Bloomsbury gives me confidence that we are very able to continue to face and to exploit future challenges over the years to come.

## Sir Anthony Salz

Non-Executive Chairman

Berg Fashion Central online service is Bloomsbury's recently released upgrade to the highly popular Berg Fashion Library and provides additional content and functionality.

# Chief Executive's Review

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“We announced in May a major new strategic growth initiative called Bloomsbury 2020, and the creation of Bloomsbury Digital Resource Publishing. We plan to accelerate significantly the growth of digital revenues by implementing a new digital publishing plan in our move to become primarily a non-consumer publisher in the B2B academic and professional information market.”

**Nigel Newton**  
Chief Executive

It has been a very good year for Bloomsbury, with revenues growing by 11% year on year to £123.7 million and profit before tax and highlighted items increasing by 8% to £13.0 million.

Book sales grew by 17% year on year to £113.1 million, with digital sales, within this total, increasing by 28% to £15.0 million. Digital sales make up 13% of book sales (2015: 12%). Rights and services revenues were £10.6 million (2015: £14.1 million), being 9% of total Group revenues compared to 13% in the previous year. The operating profit margin before highlighted items for the Group was maintained year on year at 11%. Operating profit before highlighted items grew year on year in all territories except India, where we saw significant sales growth but where we continue to invest for that growth.

The Children's & Educational division delivered an excellent performance, with its third consecutive year of strong double digit revenue growth. The Illustrated Edition of *Harry Potter and the Philosopher's Stone* by J. K. Rowling and Jim Kay, which was published in October, was a major international seller.

The Academic & Professional division had strong digital revenues contributing to a growth in book sales but, as expected, did not match last year with its exceptional rights sales. In the Adult division revenues were higher and included a full year of Osprey Publishing, which was acquired in December 2014, but profits reflected a change in revenue mix and a tough comparator that included the paperback release of Khaled Hosseini's exceptionally successful *And the Mountains Echoed*. Bloomsbury Information division profits grew year on year. The strength of our overall result, despite the variations in individual divisional performance, again demonstrates the virtues of our portfolio approach encompassing four different publishing genres.

Planned synergies following the acquisition of Osprey Publishing in December 2014 have been achieved. Osprey contributed £7.2 million of revenue and £1.1 million of operating profit before highlighted items to Bloomsbury in 2016. Excluding the results of Osprey in both years, Group like for like revenues grew by 6% and profit before tax and highlighted items was flat year on year.

We continue to keep costs closely under review and this year renegotiated our US mono print contracts with little or no movement on cost in a highly competitive marketplace (previous contracts having expired in 2015). Planned savings on freight from Far East printers were achieved through consolidation with other publishers using the same UK warehouse and distribution service provider.

Highlighted items of £2.7 million (2015: £2.5 million) include £1.8 million (2015: £1.8 million) of amortisation of acquired intangible assets. Other highlighted items in this period of £0.9 million are primarily as a result of the Group's acquisition activities and the restructuring of the Bloomsbury Information division.



## Bestsellers 2015/2016

### Global consumer e-book

1. **Queen of Shadows**  
*Sarah J. Maas*
2. **A court of Thorns and Roses**  
*Sarah J. Maas*
3. **Heir of Fire**  
*Sarah J. Maas*
4. **Throne of Glass**  
*Sarah J. Maas*
5. **Crown of Midnight**  
*Sarah J. Maas*
6. **Paper Towns**  
*John Green*
7. **Jonathan Strange and Mr Norrell**  
*Susanna Clarke*
8. **Kitchen Confidential**  
*Anthony Bourdain*
9. **Chasing the Scream**  
*Johann Hari*
10. **Sweet Caress**  
*William Boyd*

### Global consumer (print and e-book)

1. **Harry Potter and the Philosopher's Stone: Illustrated Edition**  
*J.K. Rowling*
2. **Harry Potter box sets and separate books**  
*J.K. Rowling*
3. **Paper Towns**  
*John Green*
4. **Queen of Shadows**  
*Sarah J. Maas*
5. **A court of Thorns and Roses**  
*Sarah J. Maas*
6. **Throne of Glass**  
*Sarah J. Maas*
7. **Tom's Table**  
*Tom Kerridge*
8. **Heir of Fire**  
*Sarah J. Maas*
9. **Crown of Midnight**  
*Sarah J. Maas*
10. **Wisden Cricketers' Almanack 2015**  
*Edited by Lawrence Booth*

Rank is based on revenue

# Chief Executive's Review

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The effective rate of tax for the year was 6.3% compared to 8.9% for the year ended 28 February 2015. The rates in both years are low, but are expected to increase to a more normal level of approximately 25% in 2016/17. In 2016 the rate includes £0.5 million benefit from the utilisation of previously unrecognised tax losses arising as a result of the resolution of an HMRC tribunal over the use of Bloomsbury Verlag losses dating back to 2003 and 2004. In addition there is a £0.6 million double tax relief benefit arising in 2016 following the filing of prior year US tax computations. The 2015 rate includes the recognition of additional deferred tax assets.

Diluted earnings per share, excluding highlighted items, were 15.24 pence, up 3% from 14.73 pence in 2015. Total diluted earnings per share for the year were 12.93 pence compared to 11.90 pence in 2015.

The Group's net cash balance was £5.2 million at 29 February 2016 (2015: £7.5 million). Cash from higher profits was offset by a higher working capital outflow due to the timing of receipts from rights and services revenues.

## Academic & Professional

Total revenues for the division were £32.7 million (2015: £36.0 million). As expected, rights and services revenues reduced year on year following the inclusion last year of several key contracts. Book revenues, which make up 92% of total revenues, grew by 2% year on year to £30.1 million. Within this, digital revenues grew by 24% year on year to £5.3 million, more than treble the overall industry growth rate in calendar year 2015. In particular we had very good revenues from home-grown digital institutional products such as Bloomsbury Collections and Drama Online. Digital now represents 16% of total revenues in the division (2015: 12%), with digital growth offsetting continuing print revenue weakness. We were successful in our two key targets for growth in the year, which were digital revenues and revenues in the US – where there was 5% growth in total revenues. Operating profit before highlighted items was £3.2 million (2015: £5.1 million) in total and £0.8 million (2015: £0.4 million) excluding the effect of the higher margin rights and services contracts.

In December 2015 we announced the acquisition from RELX Group of the publishing rights to six must-have family law titles including *Duckworth's Matrimonial Property & Finance* and *Hershman and McFarlane: Children Law and Practice*. The consideration was £0.5 million in cash (after adjusting for deferred income). These are some of the most authoritative family law products in the UK and they provide Bloomsbury Professional with a high quality foundation for a new digital family law service. Bloomsbury Publishing is now the largest independent legal publisher in the UK. During the year its UK tax business delivered some strong titles including *Tax Advisers Guide to Trusts*, *Principles of International Taxation*, *Revenue Law* and *Tax Planning for Family and Owner-Managed Companies*. It also expanded its *Tax Online* service and, in its second full year of ownership, the Hart list delivered very significant revenues from its digital collections.

Bloomsbury Professional has a range of online services.

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

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



## Global Academic & Professional (print & e-book) bestsellers 2015/2016

- 1. J.J Pizzuto's Fabric Science & Fabric Science Swatch Kit**  
*Allen C. Cohen and Ingrid Johnson*
- 2. Blood Brothers**  
*Willy Russell*
- 3. Survey of Historic Costume**  
*Phyllis G. Tortora & Keith Eubank*
- 4. Swatch Reference Guide for Fashion Fabrics**  
*Deborah Young*
- 5. Pedagogy of the Oppressed**  
*Paulo Freire*
- 6. The Curious Incident of the Dog in the Night-Time**  
*Mark Haddon, Simon Stephens*
- 7. A Guide to Fashion Sewing**  
*Connie Amaden-Crawford*
- 8. Fashion Forecasting**  
*Evelyn L. Brannon*
- 9. Retail Buying**  
*Richard Clodfelter*
- 10. J.K. Rowling: A Bibliography 1997-2013**  
*Phillip W. Errington*

The Academic division had particular success in its performing arts lists. We had notable successes with student edition play text publishing following the launch of the new GCSE English Literature exam resulting in increased sales of bestselling set texts, Simon Stephen's adaptation of *The Curious Incident of the Dog in the Night-Time* and Willy Russell's *Blood Brothers*.

The 400th anniversary of Shakespeare's death in 1616 was marked with a range of publications in print and online, notably with a volume featuring leading contemporary poets and their responses to the Sonnets. The Arden Shakespeare's *On Shakespeare's Sonnets* is published in collaboration with the Royal Society of Literature and the British Council and has been nominated as one of the Telegraph's Top Ten New Books on Shakespeare. New editions of the major set texts *Hamlet* and *Othello* will also be published this year.

The success of our institutional products to date, such as Drama Online, Berg Fashion Library, Bloomsbury Collections, and Bloomsbury Professional Online, led to 24% growth in the last financial year, and we are projecting higher growth in this financial year. In 2016 we will be launching a new collection of drama films from the BBC which will significantly increase the video presence of Drama Online in schools and universities worldwide. The collection includes the film adaptation of the Royal Shakespeare Company's critically acclaimed *Hamlet* starring Patrick Stewart alongside David Tennant in the title role; an award-winning National Theatre production of *King Lear*, core curriculum plays by Henrik Ibsen, Anton Chekhov and Sophocles as well as the recent film adaptation of major GCSE set text *An Inspector Calls* by J. B. Priestley. In addition, Bloomsbury, together with Faber & Faber, are pleased to announce a new digital content platform for libraries, educators, students and researchers to be sold via subscription and perpetual access to academic institutions. Building on the success of the award-winning Drama Online initiative, Screen Studies, launching in January 2018, will combine iconic and contemporary screenplays, works by leading directors, critical and contextual works covering theory and history, as well as practical instruction on screenwriting, film and TV production, documentary film-making and animation techniques.

The division was shortlisted for the IPG Independent Publishers Awards – Academic & Professional Publisher of the Year and for the Bookseller Academic & Professional Publisher of the Year, in both cases for the fourth year in a row.

Rank is based on revenue

# Chief Executive's Review

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## Children's & Educational

Children's & Educational division revenue for the year increased by 57% to £41.8 million (2015: £26.6 million). Operating profit before highlighted items increased by 111% to £6.0 million (2015: £2.9 million). There was revenue growth across all territories in local currency, 42% in Australia, 31% in the US, 62% in India and a standout growth of 70% in the UK. This excellent result in the division reflects the success of our five-year strategy focusing on commercial title acquisitions, targeted and strategic marketing and brand management of our major authors. Continued success with the picture book list and activity list has led to growth in our illustrated publishing, in which we hold world rights. This financial year saw the creation of a children's non-fiction publishing team, which will lead to further trade growth in the future. Our UK Nielsen BookScan value increased by 60% in a market up by 7%, and our market share increased from 2.3% to 3.4%.

Our sales of Harry Potter in the year grew by 133%. *Harry Potter and the Philosopher's Stone* Illustrated Edition by J. K. Rowling and Jim Kay was published to great acclaim. Reviews were consistently good, with the *Telegraph* saying the book was "a triumph – a book so alive it seems to jump, explode and slither out of your hands as you read." We sold rights to Jim Kay's illustrations in 28 languages. Our re-jacketed Jonny Duddle editions of the seven *Harry Potter* novels continued to perform strongly in all territories.

Sales of Sarah J. Maas titles grew by 184%. The launch of her new trilogy, *A Court of Thorns and Roses*, sold in 13 languages and hit the *New York Times* Young Adult bestseller list for eight weeks. *A Court of Mist and Fury*, the second book in this trilogy, has just hit number one on the *New York Times* Young Adult bestseller list. Her new *Throne of Glass* novel – *Queen of Shadows* – has sold in 24 languages and was on the *New York Times* Series bestseller list for four weeks and hit number five on the *Bookseller* UK children's chart. It was also voted Goodreads' Winner: Best YA Fantasy and Science Fiction of 2015.

We capitalised on a film adaption of John Green's *Paper Towns* starring Cara Delevingne with two new editions of this evergreen Young Adult novel. The film tie-in edition was a *Bookseller* children's number one, remaining there for five weeks, and we have sold more than one million copies.

Our two best performers on the Bloomsbury Picture Book list were *You Can't Take an Elephant on the Bus* by Patricia Cleveland-Peck, illustrated by David Tazzyman, selling 33,000 copies through the UK BookScan (Nielsen TCM), and *Never Tickle a Tiger* by Pamela Butchart, illustrated by Marc Boutavant, selling 20,000 copies through UK BookScan and translation rights in nine territories. *I Love You Night and Day* by Smriti Prasadam Halls and Alison Brown continued to sell strongly in the US following a month in the Barnes & Noble Valentine's Day promotion.

The Academic division had particular success in its performing arts list with sales helped by the launch of the new GCSE English Literature exam

The *Philosopher's Stone* is first in the Harry Potter series to be illustrated. Sales in the year of the illustrated edition have been strong.

The award winning new trilogy by Sarah J. Maas is reaching an international audience of readers and hit number one in the *New York Times* Young Adult bestseller list.



Bloomsbury Picture Books are selling strongly.

*The Wolf Wilder* by Katherine Rundell was the most reviewed children's book in the UK in the run-up to Christmas and sales have been strong for the beautiful illustrated hardback package.

We achieved the Overall Winner and Children's Trade Category Winner at the British Printing Industries Federation's Book Design and Production Awards for *The Imaginary* by A. F. Harrold and Emily Gravett. The judges said "It is a delight to see publishers willingly upping their game in terms of print and production." It was also awarded Kirkus Reviews' Best Middle Grade Books of 2015 in the US.

Andy Seed's *Silly Book of Side-Splitting Stuff* was named the winner of the Blue Peter Award for a Book with Facts.

In the Education division we had two Education Resource Award winners: Early Years Non ICT for *Time to Communicate* by Trudi Fitzhenry and Karen Murphy, and Secondary Non ICT for *100 Ideas – Outstanding Science Lessons* by Ian McDaid. The A&C Black Music list moved to Collins Learning in the year. This leaves our list focused on generalist primary teachers and secondary school teachers. Our strategy is to publish titles that support today's teachers and today's curriculum and to exploit our content through digital innovation.

E-book sales in the US rose to 18% of book sales, from 15% last year – due to strong sales of Sarah J. Maas titles. In the UK sales of *Paper Towns* and Sarah J. Maas titles contributed to e-book sales rising to 11% of book sales for the trade list, up from 9% last year (excluding Harry Potter sales where we don't hold digital rights). Bloomsbury Spark, our e-first list, continued to publish titles for the young adult and new adult market.

We were shortlisted for the IPG Independent Publishers Awards – Children's Publisher of the Year and are shortlisted for the Bookseller Children's Publisher of the Year.

Bloomsbury Children's authors continue to win literary prizes. The division was short-listed for the IPG Independent Publishers Award and for the Bookseller Children's Publisher of the Year.

# Chief Executive's Review

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## Adult

Revenue increased by 3% year on year to £46.0 million (2015: £44.7 million). Osprey Publishing, which was acquired in December 2014, generated revenue of £7.2 million in the year (2015: £1.5 million). On a like for like basis, excluding the results of this acquisition, Adult revenues were down by 10% year on year. Operating profit before highlighted items was £2.7 million (2015: £3.0 million). Results last year included the success of two major cookery titles as well as the release of the paperback of *And the Mountains Echoed* by Khaled Hosseini.

Our global publishing strategy continues for both our general and special interest markets and was strengthened by the acquisition of global publishing rights and by investment in the US market for our niche publishing activities, in particular in Osprey military history and popular science through our Bloomsbury Sigma imprint.

The market for print books throughout the English-speaking world was robust with many bookshop chains showing improved performance in spite of intense competition from internet retailers and e-books. Some of this improvement has been driven by the extraordinary performance of a number of adult colouring books but there is an underlying confidence in the future of traditional bookselling and traditional books for pleasure, leisure, enlightenment and giving.

Our focus on special interest niches is paying off, with that part of the business representing 14% of total Bloomsbury sales (2015: 10%). The value of this strategy is the ability to pinpoint market sectors and promote and sell direct to a community of shared interest. Our chosen niches are military history (through Osprey), natural history (through Helm and Poyser), sport (through Nautical, Reed's, and Wisden), popular science (through Sigma) and reference (through Who's Who, Whitaker's, and [www.writersandartists.co.uk](http://www.writersandartists.co.uk)). In each of these areas we have strengthened our editorial positioning, and invested in digital marketing, new products and portfolio widening. The results have been impressive and there is much opportunity still to be uncovered.

On the general trade side our key authors continue to grow. Celia Imrie's *Not Quite Nice* hit the bestseller lists as did William Boyd's *Sweet Caress*, while both James Runcie's Grantchester series (with six million viewers for each TV episode) and Hannah Rothschild's debut novel, *The Improbability of Love* (which has been shortlisted for the Bailey's Prize), have garnered extraordinary attention and sales. In addition we had new books from our established authors such as Margaret Atwood, TC Boyle, Esther Freud and Colum McCann. In non-fiction we had great success with Adam Sisman's superb biography of John le Carré, Elizabeth Gilbert's *Big Magic*, Peter Frankopan's *Silk Roads*, Patti Smith's *M Train*, and our Christmas special, *A Guinea Pig Pride & Prejudice*, which introduced a whole new generation to Jane Austen.

Other highlights included the film tie-in edition of *Carol* by Patricia Highsmith and Kamila Shamsie's *A God in Every Stone* being shortlisted for last year's Bailey's Prize; Sheila Hancock's *Miss Carter's War* being selected for the Richard and Judy book club;

Osprey Publishing has settled in well following its acquisition by Bloomsbury in the previous financial year.

Writers and Artists provides information, training and advice for authors who seek to develop their skills.

Bloomsbury Adult has had a strong publishing list during the year,



Roz Chast's *Can't we Talk about Something More Pleasant?* remaining on the *New York Times* bestseller list for the entire year; and publishing Nobel Prize winner Patrick Modiano's *Occupation Trilogy*.

Among the many literary prizes our authors and books were awarded are: The Sheridan Morley Prize for *Tennessee Williams* by John Lahr, the Pulitzer Prize for *The Sixth Extinction* by Elizabeth Kolbert; the James Tait Black Prize for *The Valley* by Richard Benson; the National Book Critics Circle Award for *Dreamland* by Sam Quinones; Victoria's Premier's Award for *The World Without Us* by Mireille Juchau; the Ramnath Goenka Award for Excellence in Journalism for *Mecca: The Sacred City* by Ziauddin Sardar; and for Bloomsbury itself the Gourmand Award for Best Big Cookery Publisher in the World for the last twenty years.

Our digital-first list, Bloomsbury Reader, has now generated over £1.0 million of revenue since launching in September 2011 with the aim of bringing literary backlists into circulation alongside new titles as e-books and, based on consumer demand, print editions. Bestsellers include *The White Cottage Mystery* by Margery Allingham, first serialised in 1927 and *Bloomsbury's Outsider*, first published in 2015 and shortlisted for the James Tait Black Award for Best Biography.

### **Bloomsbury Information**

Bloomsbury Information provides innovative content marketing and publishing services to external partners. This includes the development of IP-rich knowledge hubs; large-scale, multi-year digital content and community platforms provided as a full service for other organisations; publishing, management and consultancy services; and content creation and licensing, customised for other organisations. Bloomsbury Information also publishes the Bloomsbury Business list.

Revenue in the year was £3.2 million (2015: £3.9 million), with much of this change due to the end of the seven-year term of contracts with Qatar Foundation ("QF"). Operating profit before highlighted items was £1.2 million (2015: £1.1 million).

The contracts for Bloomsbury to provide QF with publishing services reached the end of their term in December 2015. The original objective of the QF relationship was to achieve knowledge transfer to QF to enable it to run its own self-sufficient publishing company. We have handed over to the strong local team we developed having completed this mission. QF now has the tools, knowledge and experience to take the reins and run its own publishing house. Bloomsbury Qatar Foundation Publishing published more than 200 titles in Arabic and English, winning awards and having bestselling titles over its first seven years. In April we reached an agreement with Kalimat, a publisher in Sharjah, to translate Arabic books into English for the global market and to translate English-language books into Arabic.

The IZA World of Labor knowledge hub had a strong year of global engagement with policymakers and the media. It now contains more than 230 peer-reviewed articles written by leading labour economists, and achieved more than 250 global media mentions in 2015, including articles in the *Washington Post*, *The Times*, the *Economist* and

Bloomsbury authors published by the Adult division continue to win a wide range of literary prizes for outstanding works.

Sales have exceeded £1 million for the Bloomsbury Reader digital first list

# Chief Executive's Review

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the *Financial Times*. The knowledge hub covers important and timely topics such as asylum policy in Europe and the impact of robots on employment, and its content helped inform the B20 Employment Taskforce Report. We continue to grow key partnerships with leading organisations like the World Bank, OECD and UCL.

From 2016, Bloomsbury is pleased to be providing publishing services to the Arcadian Library to digitise it and sell access to a new digital platform containing images of its unique collection of rare books and manuscripts. The Arcadian Library is one of the best collections of books about relations between the West and the Arab and Islamic worlds, including travel, medicine and science. The Library was assembled over decades and always held as a private collection. Bloomsbury will be digitising these books for the first time and making them available to universities, libraries and individuals around the world as a subscription product.

Bloomsbury provided Lloyds Bank with business content aimed at their SME business customers during the year, including a new business glossary that went live on the Lloyds Business Resource Centre. Lloyds will continue to launch more Bloomsbury content in the coming year, which will provide business thought leadership, insight and best practice to its business customers.

The Bloomsbury Business list continued to grow this year, as did our partnership with Ashridge/Hult Business School. Titles published from this partnership included *Capitalism's Toxic Assumptions* by Eve Poole and *Creating Financial Value* by Malcolm Allitt. Other titles in the list were well received, including *Rewire: A Radical Approach to Tackling Diversity and Difference* by Chris Yates and Pooja Sachdev and *Managing for Success: Spotting Danger Signals – and Fixing Problems Before They Happen* by Morgen Witzel, both of which were covered by the *Financial Times*.

## Outlook

We announced in May major new strategic growth initiative called Bloomsbury 2020, and the creation of Bloomsbury Digital Resource Publishing. We plan to accelerate significantly the growth of digital revenues by implementing a new digital publishing plan in our move to become primarily a non-consumer publisher in the B2B academic and professional information market. The increased range of digital products will include reversioning and updating content from Bloomsbury's extensive and deep backlists, as well as licensing in high quality third party intellectual property, and primary resource material from a wide range of international content providers. Bloomsbury aims to become the go-to scholarly partner for copyright holders looking to reach HE institutions around the world, but who lack the expertise and infrastructure to do so effectively.

The budget for academic libraries worldwide is estimated to be worth \$5 billion. Academic & Professional digital output to date has been highly successful in terms of profit margins (mature digital resources often yield an operating profit margin of 25% to 40%) and in terms of growth (24% total revenue growth in the last financial year). Bloomsbury 2020 will build rapidly on this success, by increasing the output and speed to market of a range of new products, providing a robust scalable set of platforms and

IZA World of Labour knowledge hub (<http://wol.iza.org>)

In addition to its focus on rights and services based projects, Bloomsbury Information division publishes the Bloomsbury Business list.



improving the strength, depth and geographical spread of our institutional digital sales team. Existing services like the award-winning Berg Fashion Library, Drama Online and Bloomsbury Professional Online are proof that Bloomsbury can deliver high value, repeat-income digital resources; it is this capability that Bloomsbury 2020 seeks to grow dramatically. We are targeting revenues rising to £15 million and profits of £5 million from Bloomsbury Digital Resource Publishing by financial year 2021/22. The peak effect on our Income Statement is expected to be an extra £2 million of net cost in 2017/18 and on our cash flow an extra £1.7 million of outflow is expected in 2017/18. Cash payback on the investment is expected to be in the fourth full year, 2020/21.

We announced in May 2016 a reorganisation of the business into two divisions: Consumer and Non-Consumer, reflecting the core customers for our different operations. The Consumer division will be created by merging the Children's trade and Adult trade businesses and from 1 June will be managed by Emma Hopkin, who is currently the Managing Director of our Children's & Educational division. All other operations will be in the Non-Consumer division which will be managed by Jonathan Glasspool, who is currently Managing Director of our Academic & Professional division, reporting to Richard Charkin. Richard will remain on the Board; in addition to the Non-Consumer division he will focus on strategic growth areas including special interest and the Bloomsbury India business. He will continue full time until 28 February 2017, after which he will change to two days a week. This reorganisation will simplify our business, and lead to system and structural efficiencies as well as increase our customer focus and facilitate our digital expansion.

Since the year end, Group revenues have been in line with our expectations, with the Children's & Educational division very strong.

In the current year our publishing programme includes *Harry Potter and the Chamber of Secrets* Illustrated Edition by J. K. Rowling and Jim Kay, two front list Sarah J. Maas titles, new cookery titles from Tom Kerridge with *Tom's Table* and Hugh Fearnley-Whittingstall with *River Cottage A to Z*, and the new edition of *Fantastic Beasts & Where to Find Them* with new content from J. K. Rowling.

Bloomsbury continues its strategy of growing academic, professional, special interest and educational revenues. Bloomsbury has shown that its Academic & Professional intellectual property in particular is capable of creating significant value when sold in a digital format. Our exclusive content can be monetised as an individual title, in collections, as a subscription or through perpetual access. We will be accelerating growth in this area, leveraging content across both Bloomsbury and third parties, providing significant opportunities to create more value from these assets. The Bloomsbury 2020 strategy to grow revenues from academic and professional digital resources for academic libraries worldwide will lead our repositioning in the market from a primarily consumer publisher to a digital B2B publisher, whilst continuing our long track record of huge bestsellers in the adult and children's markets, which remain a very important part of Bloomsbury's mission.

# Group Overview

## Group Strategic Summary

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

Our overall strategy is unchanged and is to grow a high quality global publishing business delivering high value to its authors and other contributors, readers and Shareholders.

We achieve this by:

- \* publishing authors and works of excellence and originality;
- \* delivering professional services to those seeking publication;
- \* combining tradition and technology to achieve excellence; and
- \* establishing solid profit streams.

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

Area of focus	Reason for the focus	Progress in the year
<b>Growing non-consumer* revenues so that they match or exceed our consumer revenues</b>	Non-consumer revenues have higher margins, are generally a more predictable revenue stream, are less reliant on the retail bookshop environment and have more digital opportunities. They are typically derived from our Academic & Professional and Information divisions and Educational and Special Interest books.	In January 2016 we acquired several family law publishing assets from Lexis Nexis and Jordan Publishing. Non-Consumer products made up 47% of revenues in 2015/16, up from 39% in 2014/15.
<b>Continuing acquisition of rights to publish outstanding works by undiscovered and established authors</b>	Bloomsbury differentiates its brand by the quality of its publishing.	Bloomsbury titles won a significant number of prizes in the year – these are listed on pages 17 to 22 of these accounts.
<b>Expanding internationally in English language markets</b>	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 potential in India.	A full year of Osprey revenue has helped expand the Group's presence internationally. Over 50% of Osprey's revenue is generated outside the UK, principally in the US. Revenues sourced from outside the UK grew by 19% in the year and now account for over 35% of Group revenue (2014/15: 33%)
<b>Creating and exploiting copyright and IP, including by licensing information databases to support major institutions and corporations</b>	This reduces the Group's reliance on consumer revenues and increases higher value B2B transactions.	IZA World of Labor website had a strong year of global engagement with policy makers and the media. A new publishing services contract was signed to digitalise and sell the Arcadian Library.
<b>Benefiting from the digital opportunity</b>	It expands the markets we are in and our revenue opportunities.	Bloomsbury titles available as e-books up 39% year on year to 22,000. Academic & Professional digital revenues increased by 24% on the prior year.
<b>Delivering excellent service to our authors</b>	Excellent service is core to attracting and keeping our authors.	We continue to monitor the service we provide authors via a monthly author survey. As a result we now offer all authors the ability to receive their royalty statements electronically by pdf.

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

During the year the Group was organised as four worldwide publishing divisions supported by global functions. A review of these follows.



## Recent Corporate Development Landmarks for Bloomsbury

	Date	Publishing division most affected	Description
<b>Bloomsbury 2020 announced</b>	May 2016	All	Creation of Bloomsbury Digital Resource Publishing division to address £5 billion academic library market
<b>Acquisition of Osprey Publishing Ltd</b>	December 2014	Adult Special Interest	Acquisition of a special interest publisher of military, heritage and natural history titles.
<b>Acquisition of Hart Publishing Ltd</b>	September 2013	Academic & Professional	Acquisition of publisher of books and journals for the academic and professional markets in law.
<b>US office move</b>	April 2013	All	Relocated employees from various offices in the US into one single New York office.
<b>Acquisition of Applied Visual Arts Publishing</b>	June 2012	Academic & Professional	Acquisition of a publisher for students and professionals in the applied visual arts.
<b>Acquisition of Fairchild Books</b>	March 2012	Academic & Professional	Acquisition of a list of visual arts titles which augments Bloomsbury's visual arts offering.
<b>Sale of Bloomsbury Verlag GmbH</b>	February 2012	Adult, Children's & Educational	Sale of a loss making German subsidiary.
<b>Set-up of Bloomsbury India</b>	February 2012	All	Setting up Bloomsbury's India publishing business. The business was launched in August 2012.
<b>Acquisition of Absolute Press</b>	September 2011	Adult	Acquisition of a specialist cookery list.
<b>UK office move</b>	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.
<b>Acquisition of Continuum International Publishing Group</b>	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.
<b>One Global Bloomsbury</b>	March 2011	All	Implementation of Group structure consisting of four worldwide publishing divisions supported by global functions.

# Group Overview

## Academic & Professional

### About the publishing division

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

**Jonathan Glasspool**  
Manager and Director:  
Academic & Professional division

Jonathan joined Bloomsbury in 1999, was appointed to the Board as Executive Director in 2015 and now oversees the development of Bloomsbury's Academic & Professional publishing business and our office in the USA. Previous roles include being a publisher at Reed Elsevier in Singapore, Melbourne and Oxford. He started his career at Cambridge University Press. He has an MBA with Distinction from Warwick Business School.

### Business model

Value generating activities	Description
Academic book publishing in print and e-book formats	Required study material for students of humanities, social sciences and applied visual arts. Mainly backlist, print and e-books, with a significant US weighting.
Digital academic services	Online Institutional services e.g. Berg Fashion Library, the Churchill Archive, Drama Online, Bloomsbury Collections and Bloomsbury Fashion Central.
Professional book and online information publishing	Online and print resources for qualified and trainee solicitors, barristers, accountants and tax practitioners.

### Divisional facts

Revenue	£32.7m
Revenue – UK	£21.1m
Revenue – US	£10.3 m
Revenue – Other territories	£1.3m
Adjusted operating profit	£3.2m
Adjusted operating margin	10%

### Examples of key revenue drivers include:

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

### Strategy for growth

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



### Medium-term targets

### Progress report

1	Number 1 independent humanities and social science publisher in Europe	Number 2 independent humanities and social sciences publisher in Europe.
2	Number 1 applied visual arts publisher in the world	Number 1 applied visual arts publisher in the world. With the acquisition of Berg Publishers, Fairchild Books and AVA Books, the division is the largest textbook publisher in fashion studies in the world.
3	Contribute to Non-Consumer businesses being 50% of Group revenue and 70% of Group profits before highlighted items	Non-Consumer products made up 47% of Group revenues in 2015/16 (2014/15: 39%) and 56% of Group profits before highlighted items in 2015/16 (2014/15: 56%).
4	Contribute to increase in digital revenues to 40% of Non-Consumer division revenue	Digital revenues were 11% of Non-Consumer revenues (2014/15: 9%)

### Social responsibility

Bloomsbury Academic & Professional publishes thousands of titles and millions of books each year that significantly contribute to improving learning outcomes of students, academics and professionals across the world. Its online resources are accessed by thousands of users every day.

Through our business, we seek to publish works of excellence and originality and to provide talented authors who are often unknown with access to the market.

Title of book/author	Prize
<i>Bertrand Russell's Bundle Theory of Particulars/</i> Gülberk Koç Maclean	Bertrand Russell Society Book Award: 2015
<i>Computable Bodies: Instrumented Life and the Human Somatic Niche/</i> Josh Berson	Association of American Publishers: PROSE Awards 2016 for language and linguistics
<i>Divine Self, Human Self: The Philosophy of Being in Two Gita Commentaries/</i> Chakravarthi Ram-Prasad	Society for Hindu-Christian Studies: Hindu-Christian Studies Book Award
<i>Ezra Pound's Eriugena/</i> Mark Byron	Ezra Pound Society Book Prize 2015
<i>Magical Musical Tour: Rock and Pop in Film Soundtracks/</i> Kevin J. Donnelly	Southwest Popular and American Culture Association: Peter C. Rollins Book Award 2016
<i>Marlowe's Literary Scepticism/</i> Chloe Preedy	Marlowe Society of America: Roma Gill Prize 2015
<i>Medical Negligence and Childbirth/</i> Doireann O'Mahony	AIB Private Banking Irish Law Awards: Legal Book of the Year
<i>Serbia and the Balkan Front, 1914/</i> James Lyon	World War One Historical Association: Norman B. Tomlinson, Jr. Prize 2015
<i>Sustainable Building Systems and Construction for Designers/</i> Lisa M. Tucker	American Society of Interior Designers: Joel Polsky Prize 2015
<i>The Curious Incident of the Dog in the Night-Time (Stage Adaptation)/</i> Simon Stephens	Drama Desk Awards: winner for multiple categories 2015
<i>The Tragedy of Fatherhood: King Laius and the Politics of Paternity in the West/</i> Silke-Maria Weineck	Modern Language Association: 23rd Annual Aldo/ Jeanne Scaglione Prize
<i>Visual Journeys Through Wordless Narratives/</i> Evelyn Arizpe, Teresa Colomer, Carmen Martínez-Roldán	Literacy Research Association: Edward B. Fry Book Award

# Group Overview

## Children's & Educational

### About the publishing division

The division sells and markets titles to the global trade, education and mass market sectors in both print and digital. The trade list acquires books from both the UK and US markets and publishes titles for all ages from 0 to 16. Imprints include Bloomsbury Activity Books, Bloomsbury Children's Books and Bloomsbury Spark, an e-first list for Young Adult readers. In the UK education market we publish under the Andrew Brodie, Bloomsbury Education and Featherstone imprints.

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

**Emma Hopkin**  
Managing Director:  
Children's & Educational division

Emma is responsible for all children's and educational books globally. She joined Bloomsbury in March 2011 as Managing Director of the Children's & Educational publishing division. Previously she was Managing Director of Macmillan Children's Books. She has also held marketing roles at Pan Macmillan, Routledge and Houghton Mifflin.

### Business model

Value generating activities	Description
Children's activity books	Books focused towards play e.g. puzzles, colouring, games and illustrated stories. Also published as a range of apps.
Children's trade publishing	Both picture books, non-fiction and fiction in print and e-formats.
Educational publishing	Print and digital learning materials for teachers.

### Divisional facts

Revenue	£41.8m
Revenue – UK	£26.7m
Revenue – US	£11.2m
Revenue – Other territories	£3.9m
Adjusted operating profit	£6.0m
Adjusted operating margin	14%

### Examples of key revenue drivers include:

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

### Strategy for growth

Our objectives are to grow the lists by focused and global acquisition; to better exploit our backlist; to grow and build brands; to ensure strategic sales and marketing planning along with consumer community building; and to attract talent to the list whilst providing excellent author care for our published authors.

Our ambition is to publish all mono and colour titles simultaneously in print and digital formats. We publish certain targeted apps.



### Medium-term targets

### Progress report

1	<b>Bloomsbury Activity Books will be a leading, profit generating list</b>	Sales steady with last year. Strategy ongoing.
2	<b>Bloomsbury Children's Books will be known for author care, independent spirit and innovation</b>	Continuing to attract and retain the best authors.
3	<b>25% of sales are digital on trade lists</b>	18% digital in US and 5% UK (2014/15: 15% US, 5% UK).
4	<b>50% of sales trade front list illustrated</b>	48% illustrated (2014/15: 42%).

### Social responsibility

Bloomsbury Children's & Educational publishes many books each year that contribute significantly to improving the literacy of children across the world. We believe books can open the minds of children to a world of possibility.

We are happy in the year to 29 February 2016 to have supported the White House led Open eBooks initiative that gives underprivileged students access to e-books.

We worked with the National Literacy Trust on two major projects to help raise funds for the charity. The New Fiction Prize offered the opportunity of having a novel published by Bloomsbury and the winner was announced early in 2015. The winning book, *Malkin Moonlight* by Emma Cox, is set to be published this year. The second

project focused on poetry – and finding future children's poets – and asked entrants to create a funny poem about reading. The winning poem will be designed up as a poster sent out to all primary schools in the UK.

Bloomsbury also hosted a Reading for Pleasure roadshow at their offices where book/reading charities were given the opportunity to talk about their work and how Bloomsbury staff could get involved. Over 70 members of staff attended the roadshow and made pledges to support the promotion of reading for pleasure.

Staff continue to volunteer to read with pupils at schools worldwide.

<b>Title of book/author</b>	<b>Prize</b>
<i>Because You'll Never Meet Me</i> / Leah Thomas	2016 William C. Morris Award finalist
<i>Epic Book of Epicness</i> / Adam Frost	Blue Peter Book with Facts award 2015
<i>The Imaginary</i> / A.F. Harrold and Emily Gravett	Book Design and Production award 2015: Overall and Children's Category Winner
<i>The Imaginary</i> /A. F. Harrold. Illustrated by Emily Gravett	Kirkus Reviews: Best Middle Grade Books of 2015
<i>Queen of Shadows (Throne of Glass #4)</i> / Sarah J. Maas	Goodreads winner: Best YA Fantasy and Science Fiction of 2015
<i>The Valley</i> / Richard Benson	James Tait Black Prize: Biography category
<i>The Valley</i> / Richard Benson	Portico Prize: Non-fiction

# Group Overview

## Adult

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### About the publishing division

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

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

**Richard Charkin**  
Managing Director:  
Adult division

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

### Business model

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

### Divisional facts

Revenue	£46.0m
Revenue – UK	£29.0m
Revenue – US	£13.2m
Revenue – Other territories	£3.8m
Adjusted operating profit	£2.7m
Adjusted operating margin	6%

### Examples of key revenue drivers include:

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

### Strategy for growth

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

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



### Medium-term targets

### Progress report

1	Number 1 UK publisher of choice in cookery, sport and natural history	Number 1 in sport, Number 3 in cookery, Number 2 in natural history (Nielsen Bookscan).
2	Top ten in quality fiction worldwide	Number 6, 48% revenue growth over the year.
3	Destination for quality authors	Continuing to attract and retain the best authors.
4	25% of sales are digital	14% digital (2014/15: 13%).
5	50% of sales are backlist	45% backlist (2014/15: 36%).

### Social responsibility

The Bloomsbury Adult team is passionate about helping authors to reach readers and helping readers to find the books they need or want. The level of sales of our books is a measure of our contribution to achieving our social responsibility aims.

Title of book/author	Prize
<i>A Place on Earth: Scenes from a War</i> / Anjan Sundaram	Frontline Club Award
<i>The Sack</i> / Namwali Serpell	Caine Prize for African Writing
<i>A Spy Among Friends</i> / Ben Macintyre	Elizabeth Longford Prize for Historical Biography
<i>A Year at Otter Farm</i> / Mark Diacono	Andre Simon Food Book of the Year
<i>Alone: The Triumph and Tragedy of John Curry</i> / Bill Jones	Cross British Sports Books Awards: Outstanding Sports Writing
<i>Based on a True Story</i> / Delphine de Vigan	Prix Goncourt Des Lyceens
<i>Benares</i> /Atul Kochhar	Gourmand Awards: Best Indian Cookbook
<i>Bloomsbury</i>	Gourmand Awards: Best Big Cookbook Publisher in the World for 20 Years
<i>Can't We Talk About Something More Pleasant?</i> / Roz Chast	Heinz Award: Arts and Humanities
<i>Can't We Talk About Something More Pleasant?</i> / Roz Chast	National Book Critics Circle Award 2014: Autobiography
<i>Can't We Talk About Something More Pleasant?</i> / Roz Chast	Reuben Award 2015: Outstanding Cartoonist of the Year
<i>Can't We Talk About Something More Pleasant?</i> / Roz Chast	Books for a Better Life Award 2014: Inspirational Memoir
<i>Cuckoo</i> / Nick Davies	British Birds/British Trust for Ornithology
<i>Dabbous</i> / Ollie Dabbous	British Book Design and Production Awards
<i>Dreamland</i> / Sam Quinones	National Book Critics Circle Award
<i>Elizabeth's Bedfellows</i> / Anna Whitelock	Pen/Jacqueline Bograd Weld Award for Biography
<i>Fives and Twenty Fives</i> / Michael Pitre	New Orleans Public Library Choice Award 2014
<i>Frostgrave: Fantasy Wargames in the Frozen City</i>	Beasts of War Awards: Best Miniatures Game
Joint winner: Alison MacLeod	Eccles British Library Writer in Residence Award
<i>Lifted – The Great Nothing</i> / Karim Dimechkie	Honourable Mention for the Pen/Hemingway Award for Debut Fiction

# Group Overview

Adult

<b>Title of book/author</b>	<b>Prize</b>
<i>Mecca</i> / Ziauddin Sardar	Ramnath Goenka Award for Excellence in Journalism 2015: Non-fiction books
<i>Mr Mac and Me</i> / Esther Freud	East Anglian Book Award: Fiction Category
<i>Return of a King</i> / William Dalrymple	Kapuscinski Prize
<i>Rivers</i> / Nigel Holmes and Paul Raven	British Ecological Society Marsh Book of the Year Award
<i>Scribe</i> / Bob Ryan	New England Book Festival Grand Prize
<i>Tennessee Williams</i> / John Lahr	Sheridan Morley Prize
<i>The Confessions of Frances Godwin</i> / Robert Hellenga	Society of Midland Authors Awards: Adult Fiction
<i>The Crusades of Cesar Chavez</i> / Miriam Pawel	2015 Robert F. Kennedy Book Award
<i>The Crusades of Cesar Chavez</i> / Miriam Pawel	Gold Medal for California Book Awards: Non-fiction
<i>The Crusades of Cesar Chavez</i> / Miriam Pawel	Robert F. Kennedy Book Award 2015
<i>The Lagoon</i> / Armand Marie Leroi	London Hellenic Prize
<i>The Lagoon</i> / Armand Marie Leroi	Runciman Award
<i>The Man Who Walked Away</i> / Maud Casey	St. Francis College Literary Prize 2015
<i>The Seahorse</i> / Mitch Tonks and Mat Prowse	Gourmand Awards: Best Barbecue Cookbook
<i>The Sixth Extinction</i> / Elizabeth Kolbert	LA Times Book Award for Science and Technology
<i>The Sixth Extinction</i> / Elizabeth Kolbert	Pulitzer Prize: General Non-Fiction
<i>The Sunlit Night</i> / Rebecca Dinerstein	2015 Edward Lewis Wallant Award (University of Hartford)
<i>The Two Hotel Francforts</i> / David Leavitt	Stonewall Honor Book: Literature Category 2015
<i>The Valley</i> / Richard Benson	James Tait Black Prize: Biography Category
<i>Thirty-One Nil: On the Road with Football's Outsiders</i> / James Montague	Cross British Sports Books Awards: Football Book of the Year
<i>Whirlwind</i> / John Ferling	Fraunces Tavern Museum Book Award
<i>World Without Us</i> / Mireille Juchau	Victorian Premier's Literary Awards



### About the publishing division

The division helps external partners inspire, inform and engage their audiences by providing them with innovative content, marketing and publishing services. Its offerings and activities cover the development of IP-rich digital knowledge hubs; large-scale, multi-year digital content and community platforms provided as a full service; publishing, management and consultancy services; digital archive platforms and services; and content creation and licensing, customised for other organisations. The division acts as an incubator for trialling new business models and product and service ideas; it also publishes the Bloomsbury Business list.

**Vafa Payman**  
Director:  
Information division

Vafa joined Bloomsbury in 2011 and was appointed Director of Bloomsbury Information in 2015. He was previously Director of New Media and Video Publishing at Oxford University Press and has 20+ years' experience of business, development and digital leadership for global companies.

### Business model

Value generating activities	Description
Content services	New and existing Bloomsbury content curated and customised for use by clients and partners in their marketing and communications activities.
Publishing services	Range of end-to-end publishing services, digital and print, provided to corporations and organisations.
Consultancy and management services	Provided to non-publishers to advise on, implement and manage publishing strategy and projects.
Business publishing	Growing list of business and management thought leadership and best practice, published in digital and print.

### Divisional facts

Revenue	£3.2m
Revenue – UK	£3.1m
Revenue – US and other	£0.1m
Adjusted operating profit	£1.2m
Adjusted operating margin	38%

### Strategy for growth

Our objective is to explore and secure business in areas beyond traditional book publishing, leveraging Bloomsbury's expertise and its IP, which provides significant operating profit growth.

The division's recent successes are in providing content marketing and publishing services. We will continue to focus on providing these content and publishing services to other organisations; to explore and secure effective routes to new markets; to innovate and incubate new digital offerings; and to continue to expand Bloomsbury's reach into untapped profitable areas.

### Social responsibility

The Bloomsbury Information division develops innovative products and services utilising Bloomsbury's publishing skills and literary content. This broadens the channels through which Bloomsbury publishes content of excellence and originality.

# Group Overview

## Group functions

Under the One Global Bloomsbury structure, the process driven Group functions are service providers to the global publishing divisions and are key to the internal control framework of the business. The following provides an outline of the main Group functions and the interplay with the business model.

<b>Group function</b>	<b>Description of service to the Group</b>	<b>Contribution to strategic aims</b>
<p><b>Sales and Marketing</b></p> <p>Kathleen Farrar is Group Sales and Marketing Director and joined Bloomsbury in 1998. She began her publishing career in Sydney, Australia and has held various senior sales and marketing roles</p>	<p>Provide sales and marketing services to the Group across, print, e-books and digital platforms</p> <p>Manage marketing budgets to maximise ROI across the Group</p> <p>Deliver profitable sales across retail and wholesale channels</p>	<p>Manage "One Global Bloomsbury" sales and marketing campaigns and deliver global sales and marketing KPIs</p> <p>Provide professional and excellent author care across all divisions</p> <p>Maximise profits from all sales channels and regularly review pricing in print and digital to increase net revenue</p>
<p><b>Production</b></p> <p>Louise Cameron is Group Production Director and joined Bloomsbury through the acquisition of Continuum International Publishing in 2011. She began her career in publishing in 1988 and has held various senior production and editorial roles</p>	<p>Cost-efficient on-time delivery of high quality print and digital product for sale globally</p> <p>Production-editorial operations design, documentation and management</p>	<p>Margin optimisation through Group-based tender processes for prepress, manufacturing and freight, and through efficient operations</p> <p>Support of digital publishing strategy through design and management of XML-first workflows, with allied future proofing of content and IP storage</p>
<p><b>Finance</b></p> <p>Wendy Pallot is Group Finance Director and a Bloomsbury Executive Director (see page 42 for biographical details)</p>	<p>Providing finance and royalty services to the Group</p>	<p>Accurate transaction processing, quality financial reporting and business planning to enable good decision making across the business.</p> <p>Improving author care through excellent royalty services.</p>

**Kathleen Farrar**  
Group Sales and Marketing Director

**Louise Cameron**  
Group Production Director

# Financial Review



**I**n 2015/16 Bloomsbury increased sales by £12.6 million to £123.7 million generating £13.0 million of profit before tax and highlighted items (2014/15: £12.1 million).

The results for this year largely reflect:

- \* excellent revenue growth driven by the Children's & Educational division with Harry Potter, Sarah J. Maas, *Paper Towns*;
- \* additional sales contribution of £5.7 million from Osprey Publishing, which we acquired on 22 December 2014, reflecting an extra ten months' sales in the current year; Excluding Osprey, like for like Group sales grew by 6%, and like for like Group operating profit was flat, year on year;
- \* strong Group digital revenue, now 13% of book sales, with 33% growth in revenues from digital platforms; and
- \* excluding the results of Osprey there was a reduction in year on year like for like sales in the Adult division of £4.4 million or 10%; results in the year ended 28 February 2015 included the success of major cookery titles as well as the release of the paperback of *And the Mountains Echoed* by Khaled Hosseini.

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

Revenue £m

Adjusted Operating Profit\* £m

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

## Summary of results

	Year ended 29 February 2016 £'m	Year ended 28 February 2015 £'m	Year on year change %
Revenue	123.7	111.1	11%
Operating profit margin before highlighted items	11%	11%	-3%
Net operating cash flow	5.0	10.2	-51%
Effective tax rate	6.3%	8.9%	-29%
Profit before tax and highlighted items	13.0	12.1	8%
Profit before tax	10.4	9.6	8%
Diluted EPS before highlighted items	15.24p	14.73p	3%
Diluted EPS	12.93p	11.90p	9%
Net cash	5.2	10.0	-35%

# Financial Review

## Revenue

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

Group revenue for the year was £123.7 million, up £12.6 million or 11% on the year ended 28 February 2015 of £111.1 million: £5.7 million derived from acquisitions, £1.7 million from foreign exchange movements, and £5.2 million from organic growth.

£'m	2015/16 Total revenue	Proportion of total revenue %	Revenue growth year on year %	2014/15 Total revenue	Proportion of total revenue %
Print	98.1	79%	15%	85.3	77%
Digital	15.0	12%	28%	11.7	10%
Total title sales	113.1	91%	17%	97.0	87%
Rights and services	10.6	9%	-25%	14.1	13%
<b>Total</b>	<b>123.7</b>	<b>100%</b>	<b>11%</b>	<b>111.1</b>	<b>100%</b>

There was growth year on year of 57% in the Children's & Educational division, and growth in the Adult division of 3%, offset by a decline in the Academic & Professional division of 9% and decline in the Information division of 17%. Within the Adult division Osprey contributed £7.2 million to revenue and £1.1 million to operating profit before highlighted items. Excluding the impact of the Osprey acquisition, the Group's underlying revenue in the year ended 29 February 2016 of £116.6 million grew on a like for like basis by £6.9 million or 6%. Total title sales grew by 17% year on year. Print sales grew by 15% year on year, driven by an excellent year from the

Children's & Educational division, with print sales outperforming the prior year by £12.4 million or 54%. The Digital sales growth of 28% or £3.3 million was driven by Academic & Professional growth split evenly across e-book and digital resources sales, Adult's growth from Osprey's full year impact and Children's growth due to the Sarah J. Maas series. Digital sales are 13% of Group book sales (2014/15: 12%).

There are now 22,000 Bloomsbury titles available as e-books (28 February 2015: 16,000; 28 February 2014: 13,000).

Rights and services revenues are analysed below:

£m	2015/16	2014/15	Change	2013/14	2012/13
Copyright licences	7.9	10.2	-2.3	3.8	6.3
Trademark licences	0.0	0.4	-0.4	0.7	0.7
Management contracts	2.0	2.9	-0.9	3.2	4.0
Other	0.7	0.6	+0.1	0.8	0.5
<b>Total</b>	<b>10.6</b>	<b>14.1</b>	<b>-3.5</b>	<b>8.5</b>	<b>11.5</b>
<b>% Total sales</b>	<b>9%</b>	<b>13%</b>		<b>8%</b>	<b>12%</b>



The two key areas that drive this revenue are copyright licence sales and management contract income.

Copyright licences include the sale of foreign language, online and other rights to our titles. Although this year's revenues were strong, they are compared to an exceptional prior year result which included two large license deals worth in excess of £1.5 million each.

Management contracts revenues include monies from the IZA World of Labor contract worth £0.5 million and £1.5 million from our management contract in Qatar which expired in December 2015.

The top three copyright licence revenue sources in 2015/16 delivered profit of £2.3 million (29% of total rights and services profit) (2014/15: £6.3 million or 58%).

The following chart shows where Group revenues were generated for the year ended 29 February 2016. Revenue growth has been achieved year on year in all Bloomsbury's territories: India 20%; US 11%; Australia 31%; UK 8% (growth quoted is in local currencies).

The revenue mix sees an increased share of Group revenues achieved in all of the US, Australia and India.

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

Overheads grew £2.4 million to £37.0 million, reflecting the full year impact of Osprey (£1.5 million) and a core overhead increase of 3% year on year. Group operating profit before highlighted items for the year was £13.1 million, up 8% on last year. The operating profit margin for the Group was 11% (2014/15: 11%).

Highlighted items:

£m	Charge
Restructuring costs	0.9
Amortisation of acquired intangible assets	1.8
<b>Total</b>	<b>2.7</b>

Restructuring costs arise following the acquisition of Osprey and the strategic reorganisation of the Information division.

### Gross profit margin and operating profit

The gross margin declined year on year to 55% from 57% due to the reduction in high margin rights & services revenues.

Excluding these revenues in both years, the gross margin was constant year on year at 54%.

# Financial Review

## Divisional performance

The table below shows performance by division.

	Revenue		Operating profit before highlighted items	
	2015/16 £'m	2014/15 £'m	2015/16 £'m	2014/15 £'m
Academic & Professional	32.7	36.0	3.2	5.1
Adult	46.0	44.6	2.7	3.0
Children's & Educational	41.8	26.6	6.0	2.9
Information	3.2	3.9	1.2	1.1
<b>Total</b>	<b>123.7</b>	<b>111.1</b>	<b>13.1</b>	<b>12.1</b>

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

Academic & Professional revenue for the year was £32.7 million (2014/15: £36.0 million), reflecting an exceptional prior year result which included two large license deals worth in excess of £1.5 million each. Academic digital title sales grew by 24% year on year, more than treble the overall industry growth rate, to £5.3 million, boosted by robust online subscription revenue growth and now representing 16% of total revenues in the division (2014/15: 12%). Within the year the Group invested in an expanded institutional sales team to support the long-term growth of our digital resources, the cost of which was offset by savings in third party commissions compared to the prior year. On 21 December 2015 the Group signed a sale and purchase agreement to acquire from RELX (UK) Limited publishing rights to six must-have family law titles including *Duckworth's Matrimonial Property & Finance* and *Hershman and McFarlane: Children Law and Practice*; the consideration was £0.5 million in cash (after adjusting for deferred income). These are some of the most authoritative family law products in the UK and they provide Bloomsbury Professional with a high quality foundation for a new digital family law service. Operating profit before highlighted items was £3.2 million (2014/15: £5.1 million).

In the Adult division total net sales grew by £1.3 million or 3% year on year to £46.0 million (2014/15: £44.6 million). However, this includes the full year impact of Osprey Publishing, which was acquired in December 2014, which generated revenue of £7.2 million (2014/15: £1.5 million); revenue performance on a like for like basis declined by £4.4 million or 10%. Results in the year ended 28 February 2015 included: the success of major cookery titles (notably *Tom's Table*, the largest Adult title in 2015/16), as well as the release of the paperback of *And the Mountains Echoed* by Khaled Hosseini. Operating profit before highlighted items was £2.7 million (2014/15: £3.0 million). However, this includes the full year impact of Osprey Publishing; year on year operating profit performance on a like for like basis declined by £1.4 million.

The Children's & Educational division sales were up 57% year on year, £41.8 million (2014/15: £26.6 million). There was revenue growth across all territories: 42% in Australia, 31% in the US, 62% in India and standout growth of 70% in the UK. Sales of Harry Potter titles in the year grew by 133%, including *Harry Potter and the Philosopher's Stone* Illustrated Edition by J.K. Rowling and Jim Kay. E-book and other digital revenue grew by £1.2 million to £3.0 million, driven by the success of Sarah J. Maas. Sarah J Maas title sales grew by 184% globally, including her new trilogy *A Court of Thorns and Roses*. The Children's & Educational division's operating profit before highlighted items was £6.0 million (2014/15: £2.9 million).

The Information division's revenue for the year was £3.2 million (2014/15: £3.9 million). The Information division's net title sales (from the Bloomsbury Business list) continued to grow with revenue up by £0.2 million to £0.6 million (2014/15: £0.4 million). The Information division's rights and services revenue declined by £0.8 million largely due to the expiration of the management services agreement with the Qatar Foundation, worth £1.5 million in the year ended 29 February 2016. The IZA World of Labor knowledge hub had a strong year of global engagement and now contains more than 230 peer-reviewed articles, achieving more than 250 global media mentions in 2015. From 2016, Bloomsbury is pleased to be providing publishing services to the Arcadian Library, one of the finest collections of books about relations between the West and the Arab and Islamic worlds. The Information division operating profits before highlighted items grew to £1.2 million (2014/15: £1.1 million).



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

## 2015/16 Revenue by division

## 2014/15 Revenue by division

### Acquisitions

On 21 December 2015 the Group signed a sale and purchase agreement to acquire from RELX (UK) Limited certain LexisNexis and Jordan family law publishing assets as a pre-condition of the Competition and Markets Authority ("CMA") approval of the purchase of Jordan Publishing Limited by RELX (UK) Limited. The clearance from the CMA was obtained on 22 January 2016, at which point the completion of the acquisition took place for a total consideration of £1.4 million or £0.5 million after adjusting for deferred income.

Bloomsbury has acquired the publishing rights to six highly regarded family law titles including *Duckworth's Matrimonial Property & Finance* and *Hershman and McFarlane: Children Law and Practice*. The titles are sold in a practical loose-leaf format and are available in an online digital form.

### Interest

The net interest expense for the Group for the year was £0.09 million compared with a net interest expense of £0.05 million for 2014/15 due to lower net cash levels, which reduced following the acquisition of Osprey Publishing Limited in December 2014.

### Taxation

Taxation was £0.7 million for the year, compared to £0.9 million for the year ended 28 February 2015. The effective tax rate was 6.3% (2014/15: 8.9%). Excluding the effect of highlighted items, the effective tax rate for the Group was 8.5% (2014/15: 8.4%). The effective rate of tax is low this year due to the following factors:

- \* There was a £1,070,000 current tax adjustment in respect of prior years relating to the carry back of double taxation relief to prior years and an adjustment to align the prior year Group tax charge with recently submitted tax returns particularly for the US entities.
- \* Subsequent to the successful First-Tier Tribunal decision on Bloomsbury Verlag, a prior year adjustment of £543,000 has been recognised for the utilisation of previously unrecognised losses.
- \* Linked to the above successful First-Tier Tribunal decision on Bloomsbury Verlag there was a release of a £213,000 tax provision in respect of prior years. This went through highlighted items in prior years and thus has been released in the same place.
- \* We anticipate the tax rate in 2016/17 to be back in line with the statutory tax rates in respective territories.

### Earnings per share

Diluted earnings per share, excluding highlighted items, were up by 3% year on year to 15.24 pence (2014/15: 14.73 pence) reflecting the growth in profit before tax and highlighted items. Diluted earnings per share were up by 9% year on year to 12.93 pence (2014/15: 11.90 pence).

### Dividend and dividend policy

The Group has a progressive dividend policy and aims to keep dividend cover in excess of two. In line with this policy the Directors are recommending a final dividend of 5.34 pence per share, which subject to Shareholder approval at our Annual General Meeting on 19 July 2016 will be paid on 21 September 2016 to Shareholders on the register at the close of business on 26 August 2016.

Together with the interim dividend, this makes a total dividend for the year ended 29 February 2016 of 6.40 pence per share, a 5% increase on the 6.10 pence dividend for the year ended 28 February 2015. Over the past 11 years the dividend has increased at a compound annual growth rate of 7%.

# Financial Review

## Capital structure

Our balance sheet at 29 February 2016 can be summarised as set out in the table below:

	Assets £'m	Liabilities £'m	Net assets £'m
Property, plant and equipment	2.5	–	2.5
Goodwill and intangible assets	64.5	–	64.5
Current assets and liabilities	99.1	38.5	60.6
Other non-current assets and liabilities	1.0	0.9	0.1
Post-retirement obligations	–	0.2	(0.2)
Deferred tax	3.0	2.7	0.3
Total before net cash	170.1	42.3	127.8
Net cash	6.6	1.4	5.2
<b>Total as at 29 February 2016</b>	<b>176.7</b>	<b>43.7</b>	<b>133.0</b>
Total as at 28 February 2015	171.5	47.3	124.2
<b>Increase/(decrease)</b>	<b>5.2</b>	<b>(3.6)</b>	<b>8.8</b>

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

Net assets increased by 7% to £133.0 million (2015: £124.2 million) and net assets per share by 7% to 177 pence (2015: 166 pence). The main movements in the balance sheet are explained below.

### Assets

Goodwill and intangible assets increased by £0.4 million to £64.5 million (2015: £64.1 million) principally due to:

- \* additions to Imprints and Subscriber and customer relationships for the family law publishing assets of £1.3 million; and
- \* additions to product and systems development and assets under construction of £2.6 million (which includes Academic & Professional online knowledge hubs); less
- \* £3.9 million of amortisation offset by £0.5 million of exchange differences.

Inventories decreased 6% to £27.6 million (2015: £29.2 million). Stock levels have decreased across the Group following a Group-wide plan to reduce the level of stock. This is despite the US dollar strengthening in the year having the impact of increasing year end stock by £1.4 million.

Trade and other receivables were £72.5 million (2015: £61.7 million). There was an increase of £7.4 million in trade receivables from increased trading and an increase to accrued income of £1.6 million from other income deals. Corporation tax also moved into a net receivable position of £0.9 million due to the prior year adjustments noted in the taxation section above. Since books sold are generally returnable by customers, the Group makes a provision against books sold in the accounting year. The unused provision at the year end is then carried forward and offset against trade receivables in the balance sheet, in anticipation of further book returns subsequent to the year end. A provision for the Group of £5.8 million (2015: £6.1 million) for future returns relating to 2015/16 and prior year sales has been carried forward in trade receivables at the balance sheet date. This provision was 13% of gross trade receivables (2015: 16%), reflecting the higher level of returns within our Academic & Professional division and the Adult division's year with fewer major bestsellers.



## Equity and liabilities

At 29 February 2016 total equity was £133.0 million (2015: £124.2 million). The increase of £8.8 million was due to an increase of £3.2 million from cumulative currency translations (driven by the US dollar strengthening against the GB pound), the retained profit for the year of £9.7 million (2015: £8.7 million) after highlighted items of £2.7 million (2015: £2.5 million), offset by share-based payment transactions of £0.4 million (2015: £0.4 million) and dividends of £4.6 million (2015: £4.3 million).

Current liabilities decreased 10% to £38.5 million (2015: £42.6 million). Trade payables increased to £20.4 million (2015: £18.7 million) due to the timing of printing of key titles and the reclassification of royalties payable to authors for the six months to December from accruals. Accruals and deferred income, which is included in trade and other payables, decreased to £14.6 million (2015: £16.5 million). This includes deferred income on database contracts, subscription revenues and royalty payments due to authors, which vary year on year depending on revenue and authors' royalty rates. Deferred income is up £0.6 million due to the purchase of the RELX and Jordan family law publishing assets. Royalty accruals due to authors are down due to reclassifying royalties payable to authors for the six months to December to trade payables. Other payables of £2.6 million (2015: £1.5 million) increased by £1.1 million which included £0.7 million of deferred and contingent acquisition consideration.

Non-current liabilities decreased by 19% to £3.8 million (2015: £4.7 million). The deferred tax liability of £2.7 million primarily relates to intangible assets arising on acquisitions. This is reducing as the relevant intangibles are amortised.

## Cash

Cash and cash equivalents were £5.2 million at the year end (2015: £10.0 million). The net cash inflow from operating activities, including the effect of highlighted items, was £5.0 million, £5.2 million down on 2014/15. This difference is principally due to the increase in Group trade and other receivables in the year. Investing activities for the year ended 29 February 2016 resulted in an outflow of £3.1 million (2014/15: £9.1 million), the difference largely due to the acquisition of Osprey last year and lower product and systems development investment this year. The net cash of £7.1 million used in financing activities was predominantly made up of dividend payments of £4.6 million (2014/15: £4.3 million) plus a £2.5 million repayment of the revolving credit facility during the year (2014/15: £2.5 million drawdown).

## Liquidity

The Group has an unsecured revolving credit facility with Lloyds Bank plc. At 29 February 2016 the Group had at its disposal £14.1 million of undrawn borrowing facilities (2015: £13 million) comprising a £13.5 million committed revolving loan facility and £0.6 million undrawn on the overdraft.

In May 2016 Bloomsbury extended the revolving credit facility with Lloyds Bank plc under new terms. The existing facility expires in July 2016 and the new facility will take over from then for a further five years. The new facility comprises a £14 million committed revolving loan facility, an uncommitted incremental term loan facility of up to £6 million and a £2 million overdraft facility. The overdraft facility is available until December 2016. All facilities are subject to two covenants, being a maximum net debt to EBITDA ratio and a minimum interest cover covenant.

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

## Wendy Pallot

Group Finance Director

# Risk Factors

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**O**utlined in the table on pages 34 and 35 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 47 with regards to forward looking statements. Details on financial risk management are given in note 24.

## Viability statement

Provision C.2.2 of the UK Corporate Governance Code requires the Directors to assess the viability of the Group over a period significantly longer than 12 months from the date the financial statements are approved.

The Group prepares five-year projections developed from the long-term plans for each of the global publishing divisions. As well as the existing backlist titles, the projections for the first three years of the plan are based on the future title, online platform and other income pipelines. There is inherently less certainty in years four and five. The Board therefore concludes that three years is an appropriate period for the viability statement.

The Group's principal risks (see pages 34 to 35) and its approach to managing them have formed the basis for the assessment of longer-term viability. The Board believes the principal risks to viability are primarily:

- \* volatility of book sales for the consumer market;
- \* the increasing importance of internet retailing;
- \* volatility of closing rights and services deals;
- \* changes that might occur to the digital book market; and
- \* erosion of copyright.

We have developed plausible downside scenarios for each of these risk areas and quantified the impact on the Group's revenue, profit and cash for each scenario. We evaluated all the principal risks below and focused our sensitivity analysis on the key risks.

Individual and multiple scenarios were overlaid on our three-year projections. Through this analysis, the Board concludes that the Group does not face a risk to longer-term viability except in the event of remote combinations of material events. The analysis took account of the Group's current funding, forecast requirements and existing committed borrowing facilities.

Based on this assessment, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 28 February 2019.

## One Global Bloomsbury risk management and internal control framework

### Our strategy

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

Further details of the strategy are given in the section Group Overview on page 14.

Information on how we take account of social and environmental matters when implementing our strategy is included in Corporate Responsibility on pages 36 to 41.



## Overview of Bloomsbury's processes

Bloomsbury is an independent publisher and has been listed on the Main Market of the London Stock Exchange since 1994. Over a period of almost 30 years the business has built up a substantial body of publishing rights.

The Group is structured as fully integrated worldwide publishing divisions under a global brand supported by centralised sales, marketing, production and head office functions (this structure is named "One Global Bloomsbury"). Each publishing division reports to the Chief Executive. The Group encourages each publishing division to develop and grow diversified income streams. Each division has the capability to publish books in all formats but may also produce other products such as online content accessible through subscription. Each division may also use its expertise to provide publishing-related services to clients.

## Book publishing

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

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

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

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

## Positioning the business towards non-consumer revenues

Bloomsbury is a cash generative business and has enjoyed the benefit of publishing many bestselling titles over a prolonged period. Bloomsbury has balanced its core consumer book 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 consumer book sales;
- \* **Barriers to entry:** Since acquiring Methuen Drama in 2006, Bloomsbury has continuously invested in growing its academic publishing business through organic growth and acquisitions of publishing businesses, lists of academic books and online databases. The time, cost and expertise required to build up an academic publisher acts as a barrier to entry for significant new competitors;
- \* **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; and
- \* **Lower risk:** Academic publishing acquisitions require lower advances to authors.

## Growth in emerging markets

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

# Risk Factors

## Principal Risks

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.

During the financial year ended 29 February 2016 the principal risks have not changed substantially.

Key area	Risk	Description	Mitigation
Market	<i>Volatility of consumer book sales</i>	Sales of books to the consumer market can be seasonal and volatile	Develop special interest, academic and professional publishing where revenues are less volatile  Develop other revenue streams, including from rights and services, increasing the scope to enter annually renewing agreements
	<i>Increased dependence on internet retailing</i>	Readers might not discover, and so buy, Bloomsbury's print and e-books sold through internet retailers	Grow expert marketing teams skilled in internet sales  Engage with multiple internet retailers  Increase focus on developing other marketing opportunities and other revenue streams, e.g. A&P digital products, rights and services  Grow e-book sales
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 reduce the dependency on individual deals
	<i>Generating new/non-renewal of subscription and services agreements</i>	The pipeline of new products and agreements might be uneven  A customer or partner might not renew larger agreements that generate significant ongoing income	Senior managers are responsible for ensuring strong performance by Bloomsbury of its obligations and strong customer care  Increase the portfolio of products and agreements to grow income and reduce the dependency on individual agreements
	<i>Entrepreneurial risk</i>	A deal may require upfront staff time and costs but 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>Development of the digital book market</i>	Consumer e-book prices may not hold up in the longer term	Continue to supply books in all formats through multiple digital delivery systems aligned with the demands of readers
		Possible emergence of not yet known reading technology, e.g. involving subscription services for consumer books	Ensure the Group is positioned to take advantage of e-book (or any new format) growth in international markets  Use social media and other digital marketing to encourage direct sales to consumers  Develop non-consumer offering where revenues are less volatile and there is a direct relationship with the customers



Key area	Risk	Description	Mitigation
<b>Information and technology systems</b>	<i>Productivity of IT systems and data</i>	Continuing to improve staff efficiency depends on the IT systems and data keeping pace with the needs of the business	Board level representation on steering IT strategy, implementation and IT operations
<b>Financial reporting</b>	<i>Valuation of assets and provisions</i>	Significant assets and provisions in the balance sheet depend on assumptions over the value, e.g. goodwill, advances, intangible rights and inventory, returns provisions	Prudent approach to assumptions. Board approval of key assumptions. Rigorous audit of valuations
<b>Title acquisition</b>	<i>High advances sought by agents. World rights not acquired</i>	Agents seek high advances for some authors  Agents prefer to split territorial rights for English language publishing between US and UK	Publish more special interest trade books, e.g. Academic & Professional  Focus acquisition on titles where world English rights are available  Concentrate on academic publishing where world rights are the norm
<b>IP and copyright</b>	<i>Erosion of copyright</i>	Erosion of copyright through government or other action	Continue policy of support for copyright and intellectual property rights as a fundamental facet of publishing
	<i>Piracy</i>	Piracy of titles in print or digital form	Adopt robust anti-piracy policies  Ensure good digital rights management protection of e-books and digital formats  Participate in key industry anti-piracy initiatives
<b>Overseas operations</b>	<i>Overseas offices</i>	Growing offices in the US, Australia and India	One Global Bloomsbury structure of global publishing divisions supported by Group functions provides an effective internal control framework and oversight of the overseas offices

# Corporate Responsibility

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The following section provides an outline of Bloomsbury's work as a good corporate citizen. More examples of the contribution to this made by our global publishing divisions is provided in the Group Overview on pages 16 to 23.

## Our literary and literacy heart

Bloomsbury's core business is the worldwide promulgation and promotion of literature, literacy and information for readers of all ages, which has a high social value. The Group has a significant beneficial social impact globally through sales of e-books and print books and access to online resources that are embraced by many adults and children in all walks of life.

## Our ethos

We aim for integrity in all our activities, consider our impact on society and the environment and maintain high ethical standards. This is key to our commercial success and ability to deliver good returns to our Shareholders, which depends on attracting and retaining talented authors who want us to publish them and on products for which there is a significant demand.

The Board recognises that the achievements of the Group have depended upon the high standards of social responsibility demonstrated by the Directors and employees for more than 25 years. The Board takes account of the relevant social, environmental and ethical issues and associated risks and opportunities to the Group's short-term and long-term value. The Company continues to be included in the FTSE4Good index.

## Community

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

## Support by Bloomsbury

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

## Corporate volunteering and educational development

- \* Our growing collaboration between Methuen Drama and Prison Reading Groups (PRG) is supporting and encouraging the reading of plays by the inmate community within an increasing number of HM prisons. For example, we provide gratis copies of the books and arrange for playwrights and authors to visit the prisons to run drama workshops.
- \* A Bloomsbury UK employee recently travelled to Nigeria to train 170 teachers on the importance of reading and how to set up an effective classroom library.
- \* Our Australia office supports the Indigenous Literacy Foundation with fundraising and time given for administrative support. Our India office in partnership with the Hope Foundation recently published *Ten Steps To Good Health*, a guide for children particularly in schools in non-urban areas. The book is promoted through the India state education system for distribution to school children.
- \* Bloomsbury's Chief Executive is President of Book Aid International that gifts approximately 500,000 books a year to libraries in Africa.
- \* We provide work experience days for secondary school pupils, have sponsored achievement prizes for students within US and UK universities and invite students to visit us for presentations on working in publishing.

## Corporate donating

- \* Our Australia, US and UK offices donate, or provide at a reduced cost, a substantial quantity of books each year, which includes donations of mainstream titles to schools and libraries, e.g. by our US office to the White House supported Open e-Books scheme that gives underprivileged students access to ebooks. Other book donations worldwide have been to good causes such as to Book Trust, Barnardos, Oxfam, Red Cross, Salvation Army and smaller organisations local to our offices worldwide; e.g. our UK office donated books to an appeal for children living in poverty in London, our Adlard Coles Nautical imprint donates sea-related books to the RNLI for fundraising and our Australia office donated books to the NSW Red Cross Bush Fire Appeal amongst others.
- \* The Bloomsbury Institute (the events function of Bloomsbury) organises charitable fundraising events such as for Book Aid and to celebrate International Women's Day, with guest speakers who have included Bob Geldof, William Boyd and Aminatta Forna. Our Writers & Artists team organises masterclasses to raise money for Book Aid International.
- \* We support good causes that promote literacy and literature; e.g. we are a sponsor and partner with World Book Day, which was established by UNESCO to promote reading amongst children and adults, and our Australia office supports a major award that celebrates Australian women's writing.



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

### Support by employees of Bloomsbury

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

### Staff volunteering

- \* A significant number (over 30) of our employees worldwide, both through a Bloomsbury coordinator and privately, are involved in formal volunteer reading schemes and regularly attend schools in the UK and US. These provide supervised reading support to young readers often from disadvantaged backgrounds where their opportunities to develop reading skills may be hindered.
- \* Bloomsbury employees attend schools and colleges to give talks which have included on careers, such as in publishing and IT, and on reading skills required in the workplace. They have also assisted young people with interview practice and school magazines.
- \* In their spare time, employees are unpaid public speakers at presentations, and have published articles and hosted discussions, on various publishing topics such as Open Access, how to write books and be published and careers in publishing.
- \* In our offices worldwide the employees volunteer regularly to help their local communities and to assist good causes such as for homeless and vulnerably housed people and for providing meals to sick and disadvantaged people.

Many employees worldwide are involved in their local communities promoting literacy, literature and education, such as by sitting on committees or as governors of schools and by supporting special interest groups: e.g. a Bloomsbury employee has established a scholarship scheme for a US University.

### Staff donating

Bloomsbury employees worldwide often call on their colleagues for fundraising sponsorship such as with marathons, cake sales and many other employee-inspired activities. Our offices will put up teams to participate in events: e.g. an Australia office employee participated in Diabetes Walk for Cure.

### Diversity

We have a diverse workforce and management team led by a gender diverse Board. The majority of senior managers and employees worldwide in the Group are women. As at 29 February 2016 the numbers of employees by each sex is:

	Female	Male
All employees of the Group <sup>1</sup>	432 (69%)	190 (31%)
Senior managers of the Group <sup>2</sup>	5	2
Directors of the Group parent Company	2	6

1. Excludes Non-Executive Directors and workers who are freelance consultants and temps.

2. Includes the heads of publishing divisions, Group functions and country heads who are not Executive Directors on the parent Company Board.

### Employment KPIs

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

# Corporate Responsibility

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## Employees and human rights

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

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

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 frequently on sales, book releases, project achievements, internal newsletters, corporate news and feedback from external media and other sources. The Bloomsbury Institute arranges regular events, which enable staff to meet socially. Weekly and other regular team meetings and internal annual conferences bring employees together from across the Group's worldwide sites allowing team members to formally and informally share information about the business and develop strong working relationships.
- \* **Engagement:** we promote a friendly collegiate culture in which employees are encouraged to discuss their concerns and issues with their line managers and senior colleagues. The senior management team meets frequently to discuss employee matters and is supported by regular operational meetings attended by managers covering all of the Group's worldwide sites.
- \* **Ethical behaviour:** we expect employees, Directors, subcontractors and others to exercise the highest ethical standards at all times in respect of the relationships and dealings that Bloomsbury has with other third parties. Bloomsbury at [www.bloomsbury-ir.co.uk](http://www.bloomsbury-ir.co.uk) publishes:
  - Whistleblower procedures, which it publishes to enable employees, other categories of workers and third parties to have their concerns confidentially addressed; and
  - Ethical behaviour Group policies such as for anti-bribery and corruption, dealing in Bloomsbury shares and anti-slavery and human trafficking. Compliance with these policies is an employment term with Bloomsbury.
- \* **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 the business. This creates opportunities for suitably high calibre individuals to progress to increasing levels of seniority as they gain capabilities and expertise. External recruitment is supported by territorial Human Resources functions enabling vacancies across sites worldwide to be filled internally where employees of an appropriately high calibre seek new opportunities.
- \* **Performance and merit:** senior employees agree personal objectives and are rewarded based on performance determined by business results and appraisals. Senior managers are accountable for the performance of their teams and determine the most appropriate approach to performance management for each team. Promotions and external recruitment are based on merit and ensure that the most suitable person is selected for each position.
- \* **Employee participation:** the Group offers UK employees the opportunity to participate in an all employee HM Revenue and Customs approved Sharesave scheme to encourage employee participation in the performance and growth of the Group. High performing senior managers may also be eligible to participate in the Company's Long Term Incentive Plan.
- \* **Flexible working:** we encourage family friendly working practices such as flexible working hours and recognise that experienced employees returning to work following maternity, paternity or other career breaks are an asset.
- \* **Equality of opportunity:** Bloomsbury has a diverse workforce and follows a policy that no employee or other person receives more or less favourable treatment on the grounds of gender, sexual orientation, colour, race and ethnic origin, nationality, religion, disability or age. This extends to any person known to be HIV positive. The Human Resources function monitors compliance with the policy and with applicable legislative requirements to ensure the equality of opportunity in the recruitment, selection and promotion of employees. Grievance and disciplinary procedures protect employees from discriminatory behaviours and attitudes.



\* **Disabled persons:** Group policy is to offer equal treatment in respect of the recruitment, training, career development and promotion of disabled persons. Should people become disabled during the course of their employment, the Group will seek to retain their services and to provide retraining where necessary.

\* **Human rights:** Bloomsbury is committed to meeting its responsibility to respect human rights. The regional human resources managers monitor for human rights issues and ensure any remedial action that is needed is taken promptly. Bloomsbury is committed to complying with employment and other legislation applicable to the locations in which it employs people, ensuring the human rights of individuals are protected.

### Health and safety

The Company Secretary reporting to the Chief Executive in respect of Health and Safety ("H&S") heads an H&S team that ensures Group-wide compliance with H&S policy. At least annually, the main Board and senior team review H&S including risks assessments, developments and incident reports. The H&S team works closely with management and employees to ensure that the H&S policy is effectively communicated, implemented and maintained across the business. Managers of the worldwide sites are accountable for ensuring their areas of the business are in compliance with H&S policy.

The Group maintains H&S risk assessments and accident books for all its locations worldwide (including where there is no local legal requirement to do so) and staff are encouraged to report all accidents or near misses.

During the year there were no serious injuries, fatalities or reportable incidents. Accidents have typically included infrequent bumps and scalds from hot drinks associated with the office environment.

### Environment

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

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

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

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

\* **Online print:** we are increasingly moving to e-books and online products that have very little environmental impact and will save on using natural resources. Our strategy embraces digital publishing and the potential benefits this may bring to the environment.

\* **Book manufacture:** we require all of our contracted print suppliers, worldwide, to be FSC-certified and we make regular trips to their factories to monitor their recycling and other locally relevant environmental initiatives. These visits also provide an opportunity to view employment practices at first hand, including employee minimum age and working conditions. Other required accreditations to act as a supplier to the Group are ISO 9001 and ISO 14001. Where the manufacture/handling of novelty items is involved, e.g. on our Children's lists, we also require ICTI accreditation.

\* **Building and office facilities:** most of our employees travel to work by public transport and we support part-time and home-working. We provide bicycle storage for staff who ride to work. For most employees we have implemented separate recycling bins for different waste materials so that a significant proportion of our office waste is recycled. Lights are generally fitted with motion detectors and our office policy is to turn off lights out of hours when not in use.

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

# Corporate Responsibility

## Environmental targets

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

Our direct operations are predominantly office-based and have been independently assessed as having a low impact on the environment. The Group's consumption of natural resources, although relatively minor, is significantly impacted by ambient weather conditions beyond our control and by the buildings we lease.

## Greenhouse gases

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

fuel and electricity in kWh, converted to CO<sub>2</sub>-e following the protocols provided by the Department for Environment, Food and Rural affairs (DEFRA). Emissions have been categorised against the Greenhouse Gas Protocol scopes of reporting. This information is unaudited.

The Board reviews the emissions and environmental impact of the Group as a formal agenda item at least annually. During the year CO<sub>2</sub> emissions for the Group rose primarily due to the addition of the Oxford premises that came with Osprey Publishing acquisition. The Group's two Oxford premises have been consolidated during 2016 into a single building which we expect will improve the Group's emissions.

## Scope 1 Direct impacts

Greenhouse gases	Definition	Data source and calculation methods	Absolute tonnes CO <sub>2</sub> -e		Normalised tonnes per £m revenue		Target
			12 months to 29/28 February 2016	2015	12 months to 29/28 February 2016	2015	tonnes per £m revenue 12 months to 29 February 2016
<b>Building operations</b>	Emissions from natural gas and diesel in utility boilers	Annual consumption in kWh collected from fuel bills, converted according to Defra Guidelines for the London office (Headquarters). Data scaled up by number of employees to estimate emissions for Dublin and Edinburgh serviced offices. Natural gas was not used in India and Australia offices.	26.6	23.6	0.25	0.21	0.19
<b>Refrigerants</b>	Emissions from refrigerant leakage	Refrigerant use provided only for London office and not estimated for other sites as not considered applicable.	7.2	6.8	0.06	0.06	0.05
<b>Company cars</b>	Emissions from petrol and diesel consumption	Annual consumption in litres calculated from fuel bills for UK/ converted according to Defra Guidelines. There are no company cars in India and the US offices. Previous year data was used for Australia.	40.4	30.6	0.36	0.28	0.36
<b>Total Scope 1</b>			<b>74.2</b>	<b>61.0</b>	<b>0.67<sup>3</sup></b>	<b>0.55</b>	<b>0.60</b>



## Scope 2 Supply chain impacts (purchased electricity)<sup>1</sup>

Greenhouse gases	Definition	Data source and calculation methods	Absolute tonnes CO <sub>2</sub> -e		Normalised tonnes per £m revenue		Target
			12 months to 29/28 February 2016	2015	12 months to 29/28 February 2016	2015	tonnes per £m revenue 12 months to 29 February 2016
<b>Electricity use</b>	Directly purchased electricity, which generates greenhouse gases	Annual consumption of directly purchased electricity in kWh collected for the London, Oxford, Alton and Haywards Heath offices, US and India offices. Data has been scaled up by number of employees to estimate emissions for operations in the rest of the US and Australia. kWhs data converted according to Defra, EPA and IEA.	<b>587.6<sup>2</sup></b>	506.4	<b>5.29<sup>3</sup></b>	4.56	<b>3.99</b>

- Figures in the table are location based (Emissions associated with purchased electricity based on the site location only – i.e grid emission factor. This does not reflect any sustainable sourcing or supplier specific activity, but allows for recognition of efficiency improvements).
- In adherence to the GHG Protocol guidance, 657.6 tonnes CO<sub>2</sub>-e is the equivalent market-based figure (based on the contractual instruments used to procure electricity. This may include renewable tariffs, RECs, guarantees of origin or other such instruments. It does not only relate to renewables and can simply be a supplier disclosed emission factor).
- The combined Scope 1 and Scope 2 normalised tonnes per £million revenue for the 12 months to 29 February 2016 is 5.96.

## Waste

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

Greenhouse gases	Definition	Data source and calculation methods	Absolute tonnes CO <sub>2</sub> -e		Normalised tonnes per £m revenue		Target
			12 months to 29/28 February 2016	2015	12 months to 29/28 February 2016	2015	tonnes per £m revenue 12 months to 29 February 2016
<b>Landfill</b>	General office waste (which includes a mixture of paper, card, wood, plastics and metals) sent to landfill sites	Annual quantity of waste generated in London offices, Oxford sites, US and India offices. UK disclosed data scaled up to estimate quantity for operations in the rest of the UK and the US. Previous year data was used for Australia.	<b>75</b>	78	<b>0.68</b>	0.71	<b>0.66</b>
<b>Recycled</b>	General office waste sent to recycling facilities	Annual quantity of waste generated in London offices, Oxford sites, US office and India. UK disclosed data scaled up to estimate quantity for operations in the rest of the UK and the US. Previous year data was used for Australia.	<b>52</b>	51	<b>0.47</b>	0.46	<b>0.45</b>

# Board of Directors

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

## Executive Directors

### Nigel Newton

#### Founder and Chief Executive

Nigel Newton was born and raised in San Francisco. He read English at Cambridge. After working at Macmillan Publishers, he joined Sidgwick & Jackson. He left Sidgwick in 1986 to start Bloomsbury. Bloomsbury floated on The London Stock Exchange in 1994 and has grown organically and through acquisitions and partnerships. Bloomsbury publishes 2,500 books a year from its offices in the UK, US, India and Australia.

Nigel Newton serves as Chairman of the British Library Trust, President of Book Aid International, Chairman of the Charleston Trust, member of the Man Booker Prize Advisory Committee, Trustee of the International Institute for Strategic Studies, past Chair of World Book Day (2006), past member of the Publishers Association Council and member of the Advisory Committee of Cambridge University Library.

### Wendy Pallot

#### Finance Director

Wendy Pallot is a Chartered Accountant who qualified with Coopers & Lybrand. She was Group Finance Director for GCap Media Plc, the UK's leading commercial radio operator which was listed on the UK main market, from 2005 until its sale in 2008. She was Group Finance Director of GWR Group plc, a leading UK listed radio operator, from 2001 until its merger with Capital Radio plc in 2005 to form GCap Media Plc. Wendy Pallot is the chair and one of the co-founding directors of a company operating a number of local radio stations. She is also a Governor of the Central School of Ballet.

### Richard Charkin

#### Executive Director

Richard Charkin joined the Bloomsbury Board as an Executive Director in October 2007. He began his career in 1972 as Science Editor of Harrap & Co. He has since held senior roles at Pergamon Press, Oxford University Press, Reed International/Reed Elsevier, Current Science Group and has been Chief Executive of Macmillan Publishers Limited and Executive Director of Verlagsgruppe Georg von Holtzbrinck. His other publishing interests include being Chairman of the International Advisory Board of Bloomsbury Qatar Foundation Journals in Doha, Non-Executive Director of the Institute of Physics Publishing, visiting Professor at the University of the Arts London, President of the International Publishers Association, a Trustee of Common Purpose Charitable Trust, and a member of The Advisory Board of the Frankfurt Book Fair.

He was President of the UK Publishers Association, Director of the Federation of European Publishers, and a Non-Executive Director of Melbourne University Publishing. He received an MA from Cambridge University for the Natural Science Tripos; was a Supernumerary Fellow of Green College, Oxford; and attended the Advanced Management Program at Harvard Business School.

### Jonathan Glasspool

#### Executive Director

Jonathan Glasspool was appointed to the Bloomsbury Board in July 2015. He joined Bloomsbury in 1999 and is Managing Director of Bloomsbury's Academic & Professional publishing division. Jonathan is Chair of the Industry Advisory Board at Oxford Brookes University, a Trustee of Publishing Training Centre, and is a member of the Commercial Board of the ICAEW and the Academic & Professional Board of the Publisher's Association. He has held roles in publishing with Reed Elsevier in the UK and Asia, the Chartered Management Institute and Cambridge University Press. Jonathan has a first class degree in English from Trinity College, Oxford, an MA in English from Bristol University and an MBA with Distinction from Warwick.

## Non-Executive Directors

### Sir Anthony Salz

#### Non-Executive Chairman

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

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

### John Warren

#### Senior Independent Director Chair of the Audit Committee

John Warren joined the Bloomsbury Board in July 2015 and is the Senior Independent Director, the Chair of the Audit Committee and the member with recent and relevant financial experience. He is a Chartered Accountant (FCA) and has a wealth of NED experience including as audit committee chair of a number of companies



including Rexam Plc, Spectris plc, Welsh Water, Greencore Group plc, 4imprint Group plc and Bovis Homes Group PLC. As an executive director he was Group Finance Director of WH Smith PLC and before that United Biscuits PLC.

## Jill Jones

**Independent Non-Executive Director**  
**Chair of the Remuneration Committee**

Jill Jones joined the Bloomsbury Board in July 2013. She was Managing Director for McGraw-Hill Education, Europe, Middle East and Africa, a global provider of educational materials and digital learning solutions until January 2016, and from 2008–2012, President and CEO (EMEA) of Cengage Learning EMEA. Prior to this Jill held positions within Pearson Education, Thomson Learning, Longman and Prentice Hall International. Jill has worked in Higher Education and Schools textbook and revision publishing, English Language Teaching and reference publishing – including the development of large electronic and primary source material databases, and scaling digital solutions. She is a former member of the Publishers Association Council, and ex-Chair of the Academic Publishers group at the Publishers Association.

## Stephen Page

**Independent Non-Executive Director**

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

## Board Officer

### Michael Daykin

**Group Company Secretary**

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

## Membership of Board Committees

Committee	Members		Date appointed	Date resigned
<b>Board</b>	Sir Anthony Salz	Chairman of the Board	29 August 2013	–
	Nigel Newton	Chief Executive	During 1986	–
	Richard Charkin	Executive Director	1 October 2007	–
	Wendy Pallot	Finance Director	8 April 2011	–
	Jonathan Glasspool	Executive Director	23 July 2015	–
	Jill Jones	Independent Non-Executive Director	23 July 2013	–
	Stephen Page	Independent Non-Executive Director	20 August 2013	–
	John Warren	Senior Independent Director	23 July 2015	–
	Ian Cormack	Senior Independent Director	1 January 2011	23 July 2015
<b>Audit Committee</b>	John Warren	Chair of the Committee	23 July 2015	–
	Ian Cormack	Chair of the Committee	1 January 2011	23 July 2015
	Jill Jones		23 July 2013	–
	Stephen Page		20 August 2013	–
<b>Remuneration Committee</b>	Jill Jones	Chair of the Committee	23 July 2013	–
	Sir Anthony Salz		29 August 2013	–
	John Warren		23 July 2015	–
	Ian Cormack		1 January 2011	23 July 2015
<b>Nomination Committee</b>	Sir Anthony Salz	Chair of the Committee	29 August 2013*	–
	Nigel Newton		20 September 2014	–
	Jill Jones		23 July 2013	–
	Stephen Page		20 August 2013	–
	John Warren		23 July 2015	–
	Ian Cormack		1 January 2011	23 July 2015

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

# Directors' Report

The Directors present their report and the audited financial statements for Bloomsbury Publishing Plc and its subsidiary companies (the "Group") for the year ended 29 February 2016. Bloomsbury Publishing Plc is a company incorporated in England and Wales, company number 01984336, with its principal place of business and registered office at 50 Bedford Square, London WC1B 3DP. Bloomsbury Publishing Plc is a company listed on the Main Market of the London Stock Exchange subject to the Listing Rules and Disclosure and Transparency Rules of the Financial Conduct Authority.

## Strategic Report

In accordance with the Companies Act, the Strategic Report on pages 1 to 41 provides a fair review of the Group's business and a description of the principal risks and uncertainties facing the Group. It contains information on the Group's performance, business model and strategy. A summary of the Group's corporate responsibility activities is contained in the Corporate Responsibility section on pages 36 to 41.

## Corporate Governance

The Group's report relating to the UK Corporate Governance Code disclosures is contained on pages 49 to 57.

## Overseas activities

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

## Results

The Key Performance Indicators for the Group include profit before tax and highlighted items, revenue, and profit before tax, which are set out in the Financial Review on pages 25 to 31. Profit after tax for the Group's operations for the year was £9.7m (2014/15: £8.7m).

The Directors recommend a final dividend of 5.34p (2014/15: 5.08p) per share payable on 21 September 2016 to Shareholders on the register at the close of business on 26 August 2016. The dividends paid and proposed by the Company for the year ended 29 February 2016 and year ended 28 February 2015 are as follows:

Dividend	Dividend per share	Total dividend	Record date	Paid/payable date
<b>2016 Final (proposed)</b>	5.34p	£4.0m	26 August 2016	21 September 2016
<b>2016 Interim</b>	1.06p	£0.8m	6 November 2015	30 November 2015
<b>Total</b>	<b>6.40p</b>	<b>£4.8m</b>		
2015 Final	5.08p	£3.8m	28 August 2015	23 September 2015
2015 Interim	1.02p	£0.7m	7 November 2014	4 December 2014
Total	6.10p	£4.5m		

## Directors

The names of the Directors as at the date of this report, together with biographical details, are set out on pages 42 and 43, which form part of the Directors' Report. The Directors serving on the Board of the Company during the year were as follows:

	Date appointed in the year (if applicable)	Date resigned in the year (if applicable)
<b>Non-Executive Chairman</b>		
Sir Anthony Salz	–	–
<b>Independent Non-Executive Directors</b>		
Jill Jones	–	–
Stephen Page	–	–
John Warren	23 July 2015	–
Ian Cormack	–	23 July 2015
<b>Executive Director</b>		
Nigel Newton	–	–
Richard Charkin	–	–
Wendy Pallot	–	–
Jonathan Glasspool	23 July 2015	–



Details of Directors' service contracts and Directors' interests in shares, awards and options are shown in the Directors' Remuneration Report on pages 58 to 74. Other than as disclosed in the Directors' Remuneration Report, none of the Directors held any interest, either during or at the end of the financial year in any material contract or arrangement with the Company or any subsidiary undertaking. The terms of termination of the Directors' contracts are described in the Directors' Remuneration Report set out in pages 58 to 74, which includes details of any agreements by which the Company would pay compensation to its Directors for loss of office, for loss of employment or would make payments in respect of a change of control of the Company.

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

Directors retiring by rotation at an Annual General Meeting ("AGM") may offer themselves for re-election at the AGM. The Company's Articles of Association (the "Articles") require as a minimum:

- \* new Directors appointed by the Board must offer themselves for election at the next AGM;
- \* any Director who did not stand for re-election in either of the two preceding AGMs must retire by rotation at the next AGM; and
- \* one third of Directors who have remained in office for the longest period since being elected or re-elected must retire by rotation at the AGM.

The Board applies the FTSE350 best practice and requires all directors to stand for re-election.

The Chairman on behalf of the Board confirms that each Director 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).

### Directors' indemnities and insurance

In accordance with the Articles, 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 Officer (the Company Secretary) against the consequences of actions brought against them in relation to their duties for the Group.

### Director conflicts of interest

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

During the year, details of any new potential conflict matters were submitted to the Board for consideration and, where appropriate, these were approved. Authorised conflicts or potential conflict matters will be reviewed by the Board on an ongoing basis.

### Charitable and political donations

The Group made charitable donations of £4,009 in respect of the year (2015: £4,621). 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 36 to 41.

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

### Financial instruments

Details of financial risk management are given in note 24.

### Share capital and rights attaching to the Company's shares

The share capital of the Company comprises a single class of ordinary 1.25p shares ("Ordinary shares"). During the year the Company allotted new shares as follows:

	Fully paid Ordinary shares in issue	Reason for allotment
As at 1 March 2015	75,003,734	
Allotted 15 January 2016	77,443	2012 LTIP exercise
As at 29 February 2016	75,081,177	

As at the date of this Directors' Report, there were 75,081,177 fully paid issued shares, all listed on the London Stock Exchange, with a further 24,921,301 Ordinary shares that the Directors are authorised to issue.

Details of the issued share capital of the Company can be found in note 21 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, 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

# Directors' Report

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

In respect of dilution limits, the Company adheres to "Investment Association principles of remuneration" issued 11 November 2015. In particular:

- \* The rules of the Company's LTIP scheme ensure that;
  - 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 ten-year period; and
  - 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 ten-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.

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 2016 Annual General Meeting and explanatory foreword to the meeting on pages 132 to 138 form part of the Directors' Report and set out:

- \* an ordinary resolution renewing the authority for the Directors to allot shares under section 551 of the Companies Act;
- \* a special resolution renewing the authority given to the Directors to disapply statutory pre-emption rights under section 571 of that Act to allow shares to be issued for cash or treasury shares to be sold for cash on a non-pre-emptive basis; and
- \* a special resolution renewing the authority given to the Directors to purchase the Company's own shares on the stock market.

## Employee Benefit Trust

Throughout the financial year, Elian Employee Benefit Trustee Limited ("Trustee") acted as the trustee of the Bloomsbury Employee Benefit Trust ("EBT").

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

	Fully paid Ordinary shares held by EBT	Comment
As at 1 March 2015	268,293	
	(84,739)	Sharesave exercise
	(177,762)	2012 LTIP exercise
As at 29 February 2016	5,792	

As at 29 February 2016 the EBT held 5,792 Ordinary shares of 1.25 pence in the Company being less than 0.1% of the issued Ordinary share capital. Between 29 February 2016 and signing of this report the EBT acquired 500,000 Ordinary shares in the market bringing the total holding after the exercise of Sharesave options to 500,269 (0.67%) shares. 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.



As at the date of signing of this report, substantial shareholdings of 3% or more of the shares in the Company notified to the Company prior to signing of this report or per the share register analysed as at 31 May 2016 (being the latest practical date) are set out below:

	Ordinary shares number Million	% issued shares <sup>1</sup>
<b>Managed funds</b>		
Liontrust Asset Management	12.1	16.1
Fidelity Worldwide Investment (FIL)	6.5	8.6
Majedie Asset Management	5.6	7.5
Charles Stanley	5.5	7.3
Majedie Investments	4.8	6.4
Chelverton Asset Management	3.1	4.2
BlackRock Inc	2.6	3.5

<sup>1</sup> Based on 75,081,177 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 22 for further details of the share incentive schemes). Under these provisions, a change of control of the Company would normally be a vesting event, facilitating the exercise of awards, typically subject to the discretion of the Remuneration Committee.

### Contracts and arrangements essential to the business

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

The Group depends on its reputation which strongly influences authors and customers in their selection of publisher.

### Future developments

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

### Cautionary statement

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

The Directors' Report contains indications of likely future developments and other forward looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the sectors, countries and business divisions in which the Group operates. These factors include, but are not limited to, those discussed under Risk Factors on pages 32 to 35. These and other factors could adversely affect the Group's results, strategy and prospects. Forward looking statements involve risks, uncertainties and assumptions. They relate to events and/or depend on circumstances in the future which could cause actual results and outcomes to differ materially from those currently anticipated. No obligation is assumed to update any forward looking statements, whether as a result of new information, future events or otherwise.

### Auditor

#### a) Reappointment of the Auditor

A resolution to reappoint KPMG LLP as Auditor will be proposed at the forthcoming Annual General Meeting.

#### b) Statement as to disclosure of information to the Auditor

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

### Statement of Directors' responsibilities

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

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

# Directors' Report

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have elected to prepare the parent Company financial statements on the same basis.

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

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

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, [www.bloomsbury-ir.co.uk](http://www.bloomsbury-ir.co.uk). Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We consider the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position and performance, business model and strategy.

## Annual General Meeting

The notice of the 2016 Annual General Meeting of Bloomsbury Publishing Plc is set out on pages 135 to 138 and an explanation of the resolutions to be put to Shareholders at the Annual General Meeting on 19 July 2016 is set out on pages 132 to 134 which forms part of this Directors' Report.

## Safe harbour

Under the Companies Act 2006, a safe harbour limits the liability of Directors in respect of statements in and omissions from the Strategic Report and the Directors' Report. Pages 1 to 138 of the Annual Report are included within the Directors' Report by reference and so are included within the safe harbour.

## Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- \* the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- \* the Directors' Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

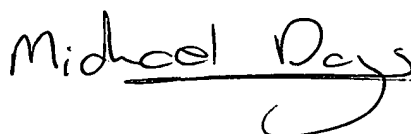
Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Strategic Report and Directors' Report were approved by the Board on 13 June 2016.

By order of the Board

## Michael Daykin

Group Company Secretary  
13 June 2016





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

## Confirmation of compliance with the code

The UK Corporate Governance Code edition issued September 2014 (the "Code") is published on the Financial Reporting Council's website ([www.frc.org.uk](http://www.frc.org.uk)).

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

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

## Board and the Directors

### Board effectiveness

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

The Board comprises the Independent Non-Executive Chairman, Senior Independent Director, a further two Independent Non-Executive Directors, the Chief Executive, the Finance Director and two further Executive Directors. The biographies of the Directors appear on pages 42 and 43.

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

The Board has approved the matters specifically reserved for consideration by the Board. The Board determines the responsibilities and authority of its committees, individual Directors and the level of authorities delegated to management. 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](http://www.bloomsbury-ir.co.uk).

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

- \* review and setting of strategy for the Company's operations;
- \* review of the management accounts, short and long-term forecasts, key performance indicators and full year forecasts;
- \* approval of the annual and interim results statements;
- \* review and approval of the annual budget;
- \* regular reports by the Chief Executive, proposals and updates on developing business operations, significant investments, major initiatives, other organisational changes, environmental impact of the business and health and safety;

- \* reports of the chairs of Board committees and minutes following committee and subcommittee meetings;
- \* review and approval of decisions, transactions and sensitive policies that are significant to the Company such as dividends, the organisational, legal and capital structure of the Company, acquisitions of literary titles, businesses and companies and major contracts;
- \* risk management and review of the risks of the Company; and
- \* evaluation of the effectiveness of the Board including the appropriateness of the terms of reference of Board committees.

There is a clear division of responsibilities at the head of the Company, with the Chairman responsible for the effective operation of the Board, encouraging the active participation of all Directors, and the Chief Executive responsible for the strategic running of the Company's businesses. The Board has approved formal statements describing the role and remit of both the Chairman and Chief Executive, which further emphasise this division of responsibilities and can be found at [www.bloomsbury-ir.co.uk](http://www.bloomsbury-ir.co.uk).

The Executive Directors regularly hold formal meetings with senior managers as a management team to assist the Chief Executive in fulfilling his operational and strategic 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 and proposed corporate initiatives such as acquisitions at meetings specifically set up for the purpose attended by all Board members.

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

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

### Conflicts of interest procedures

A standing item on Board agendas at the start of meetings is for Directors to disclose their significant interests. The Board has reviewed the interests of the Directors and maintains a register of areas of conflict of interest for Directors. In accordance with the Board's formal policy, should a matter arise where there is a risk of a conflict in the Board discussing matters or making decisions then the Director affected by the conflict will absent themselves from the room whilst the matter is considered.

# Corporate Governance

## Director independence

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

## Board and committee attendance

The table below shows the attendance at main Board and committee meetings during the year ended 29 February 2016. Further meetings in addition to the figures included in the table below were convened during the year for subcommittees of Directors delegated by the Board to consider specific matters.

	Date appointed during the year	Date resigned during the year	Board	Remuneration	Audit	Nomination
Total number of meetings during the year			8	5	3	1
<b>Executive Directors</b>						
Nigel Newton (Chief Executive)	–	–	8	4 <sup>†</sup>	3*	1
Richard Charkin	–	–	8	–	3*	–
Wendy Pallot	–	–	8	3 <sup>†</sup>	3*	–
Jonathan Glasspool**	23 July 2015	–	4	–	1*	–
<b>Non-Executive Directors</b>						
Sir Anthony Salz (Chairman of the Board)	–	–	8	5	3*	1
Jill Jones	–	–	8	5	3	1
Stephen Page	–	–	7	–	3	1
Ian Cormack	–	23 July 2015	3	3	2	–
John Warren**	23 July 2015	–	4	2	1	–

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

<sup>†</sup> The Executive Directors attend by invitation only for relevant parts of Remuneration Committee meetings to provide updates.

\*\* Attended all meetings they were required to do so from the date of their appointment.

## Board evaluation

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

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

- \* one-to-one interviews by the Chairman, using evaluation questionnaires to facilitate discussion, of each Director to appraise the performance of the Director on the Board and to discuss any improvements needed to the Board processes;
- \* the Senior Independent Director evaluates the performance of the Chairman through confidential discussions with the other Directors and a one-to-one interview with the Chairman;
- \* the chair of each Board committee leads the evaluation of their committee and reports the findings and recommendations to the Board;
- \* the Chief Executive conducts additional management appraisals of the Executive Directors and the senior management team;

- \* the Board discusses the findings and recommendations for improvement actions in respect of all the evaluations of the Board, each Director, the Board committees and the processes supporting the Board; and

- \* the Nomination Committee considers the conclusions of the Board evaluation.

Upon completing the interviews, the Chairman and Senior Independent Director make formal reports to the Board on the findings with recommendations for actions to be implemented by the Board, by individual Directors, by the Group Company Secretary and by senior management in the business. Where needed the Chairman holds confidential follow-up meetings with individual Directors to address concerns they have raised or to address concerns raised about them. The Board monitors progress relating to implementing the actions arising from the Board evaluation.

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



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

Examples of the matters arising from the 2015/16 Board and committee evaluations include:

- \* The Board is working well; new Directors have settled in and are making effective contributions.
- \* More Board time should be given to risk and mitigation.
- \* In view of the increasing delivery of our content digitally and the expansion of A&P digital content products and sales processes under Bloomsbury 2020, Board refreshing should take account of the need for new relevant expertise.
- \* Increased Board time should be spent on discussing the development of talent in the levels below the Board.

#### **Relations with Shareholders**

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

The Annual Report, interim reports, AGM, market updates and post-results announcement presentations are the principal means through which the Company communicates its strategy and performance to Shareholders. All Shareholders are welcome to attend the AGM, at which senior managers give presentations on the business and investors are encouraged to take advantage of the opportunity given to ask questions. The chairs of the Audit, Remuneration and Nomination Committees attend the AGM and are available to answer questions.

The Company maintains an active dialogue with its institutional Shareholders and City analysts through a planned programme of investor relations. The programme includes formal presentations of results and post-results meetings with the major Shareholders and other investors who request meetings. The presentations are made available at [www.bloomsbury-ir.co.uk](http://www.bloomsbury-ir.co.uk). The meetings and presentations provide an opportunity for Shareholders to ask questions and to meet Directors. The outcome of regular meetings with the main Shareholders, presentations and post-results meetings is reported to the Board. This includes both feedback from individual Directors and feedback collated from discussions by the Company's corporate broker or public relations representative with the main Shareholders and City analysts. The Company's corporate broker provides regular analysis of Shareholder holdings. Feedback from Shareholders and other members of the Shareholder corporate governance community is used to help review and develop Bloomsbury's procedures.

The Chairman writes to the major Shareholders each year to provide Shareholders with the opportunity to discuss corporate governance matters, including remuneration, and to raise any concerns. Following the meetings the Chairman reports to the Board on the discussions held including any feedback from the Shareholders.

#### **Training and development of the Directors**

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

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

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

#### **Nomination Committee**

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

The Committee operates under terms of reference agreed by the whole Board, which are available on the Company's website [www.bloomsbury-ir.co.uk](http://www.bloomsbury-ir.co.uk). Its role is to review the composition of the Board, consider succession planning and nominate to the Board, for approval, candidates to fill Board vacancies. The Committee determines the Directors who should stand for re-election at the AGM in accordance with the Articles of Association of the Company. Starting from the 2016 AGM on 19 July 2016, all Directors will stand for re-election annually. The Board formally approves the appointment of all new Directors on the recommendation of the Committee.

# Corporate Governance

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## Board appointment process

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

- \* the need to appoint a new director is identified by an existing Board member retiring or by a review by the Nomination Committee of the Board's structure, balance, succession planning and the need for progressive refreshing which may take account of the findings of the annual Board evaluation of the skills and capabilities of Board members;
- \* the Nomination Committee considers the strengths and weaknesses of the Board and the senior management team and the needs of the business in order to define the experience and capabilities required for a new appointment;
- \* the Nomination Committee determines the recruitment process;
- \* for appointing independent NEDs, an independent external recruitment consultant is appointed and performs an extensive search to identify candidates meeting criteria agreed with the Nomination Committee. The external consultant performs initial interviews with candidates and carries out background research on them to formulate a shortlist to put forward to the Committee together with an evaluation of each candidate;
- \* several Directors separately interview each candidate and feed back to the external consultant on the interview evaluation of the candidate;
- \* multiple references are taken and further background checks are made on candidates;
- \* the Nomination Committee sitting together selects the final candidate and makes a recommendation to the Board on their appointment; and
- \* the Board decides appointments recommended by the Committee.

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

The significant Shareholders are invited to contact or meet with a new Chairman. Any request by a Shareholder to meet with a new Director would be considered by the Board. Investors will typically get the opportunity to meet with Directors at AGMs, at presentations and meetings following the announcements of the results.

## Re-election of Directors

The Board may require all Directors to retire for rotation at an AGM and stand for re-election.

As a minimum all Directors are subject to reappointment by the Shareholders at the first Annual General Meeting after their appointment and thereafter at intervals of no more than three years.

Non-Executive Directors are appointed for periods of three years upon the end of which their appointment terminates subject to their reappointment by the Board. A policy is followed of progressive refreshing of the Board and the Independent Non-Executive Director team aligned with the changing needs of the business.

The notice periods by the Company of the Directors are set out in the Directors' Remuneration Report on pages 58 to 74.

## Board diversity

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

## Remuneration Committee

The Remuneration Committee comprises two Independent Non-Executive Directors and the Non-Executive Chairman of the Board and is chaired by Jill Jones. The role of the Committee is set out in the Directors' Remuneration Report on pages 58 to 74.



## Audit Committee

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

Code provision	Compliance
C.1.1, C.3.4	<p><b>Fair, balanced and understandable view</b></p> <p>The Board confirms that, in the opinion of the Board and the Committee, the Annual Report and Accounts on pages 1 to 138, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.</p>
C.1.2	<p><b>Business model</b></p> <p>The Strategic Report on pages 1 to 41 provides an explanation of the basis on which the Company generates and preserves value over the longer term (the business model) and the strategy for delivering the objectives of the Company.</p>
C.1.3	<p><b>Going concern</b></p> <p>The Risk Factors section on pages 32 to 35 sets out how the Board has evaluated the material uncertainties to the Group's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.</p> <p>Accordingly, the Board continues 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 84.</p>
C.2.1 and C.2.3	<p><b>Systems of risk management and internal control</b></p> <p>The principal risks are described in the Risk Factors section on pages 32 to 35, which explains how the risks are being managed and mitigated. The Directors confirm they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.</p> <p>The Board has monitored the Company's risk management and internal control systems and carried out a review of their effectiveness covering all material controls, including financial, operational and compliance controls. Further details of this review are below.</p>
C.2.2	<p><b>Viability statement</b></p> <p>The Risk Factors section on pages 32 to 35 sets out how the Board has taken account of the Group's current position and principal risks and how it has assessed the prospects of the Group over a period of three years. The Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the assessment period.</p>
C.3.8	<p><b>Significant issues in relation to the financial statements</b></p> <p>The issues that the Committee considers significant in relation to the financial statements and how these issues are addressed are set out overleaf.</p>

# Corporate Governance

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## Operation of the Audit Committee

The Committee comprises three Independent Non-Executive Directors. The Chair of the Committee is John Warren, a Fellow of the Institute of Chartered Accountants in England and Wales. The Board is satisfied that the experience and qualifications of John Warren are sufficient for him to meet the experience and qualification requirements to be a member of the Audit Committee, with recent and relevant financial experience under the Code and the UK listing authority Listing Rules appropriate to the Company.

The Committee typically invites the External Auditor, Internal Auditor, Chairman of the Board, Chief Executive, Finance Director and the other Executive Directors to attend meetings. It meets at least once in respect of each reporting period. There is a standing item on the agenda for each meeting is for the External Auditor to meet the Committee alone without management present, which provides an opportunity for Committee members and the External Auditor to share any concerns that they may have.

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

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

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

The Committee formally reviews the whistleblowing 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 Group's whistleblower policy and procedures are found at [www.bloomsbury-ir.co.uk](http://www.bloomsbury-ir.co.uk) and are available to all staff.

The Committee reviews the plans, findings and recommendations of the Internal Auditor, and management's responses to internal audit recommendations. It ensures that the internal audit function is adequately resourced in light of the system of risk management and has appropriate standing within the Company. The Committee approves the appointment and removal of the Head of Internal Audit, who for the financial year up to the time of signing this report was the Group Company Secretary.

## External Auditor

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

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

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

- \* the quality of audit work undertaken and resulting audit findings;
- \* whether the Auditor's scope has been limited and whether the Auditor has had sufficient resources to complete their agreed work programme; and
- \* the independence of the External Auditor.

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

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



### External Auditor non-audit services

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

- \* various tax services
- \* management or decision making of the audit
- \* bookkeeping and preparing financial statements
- \* designing/ implementing procedures for the financial information or IT systems
- \* valuation services
- \* various legal services
- \* internal audit
- \* corporate finance services
- \* promoting, dealing in, or underwriting Bloomsbury shares
- \* Various HR services
- \* Payroll services

Other policy terms include:

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

### Internal control and risk management

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

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

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, major 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, who report to the Chief Executive.

The Board has put in place an ongoing process for identifying, evaluating and managing the significant risks faced by the Company in accordance with "Financial Reporting Council, Internal Control Revised Guidance For Directors On The Combined Code October 2005" (formerly Turnbull guidance 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, and 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

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- \* **Organisational structure:** The One Global Bloomsbury structure comprises the worldwide publishing divisions supported by Group functions (finance, IT, production, sales & marketing) which provide an internal control service to the business as internal control pillars within the Group's internal control framework.
  - \* **Risk and control review:** The Executive Committee (which comprises the divisional and Group function heads and Executive Directors) maintains Group level and Group function level risk analysis and control assessments for each risk. This ensures that risks and control issues from around the Group worldwide are reported openly to the senior management team and addressed. The Board has regularly reviewed the significant Group and functional risks to ensure appropriate action is taken to address the risks. The Audit Committee reviews the risks, in particular the financial risks and issues that could impact on reporting, when considering the financial statements.
  - \* **Financial internal control and risk review:** The Finance Director formally reviews the internal financial controls, taking account of the risks within the financial information systems, and reports the findings of this review to the Audit Committee. Analytical review of operating results and detailed control questionnaires completed for the publishing divisions and overseas offices supplement management's knowledge of the business for the evaluation of the risks and assessment of the internal financial controls. The Audit Committee also receives reports on the internal controls and risks provided by the Internal Auditor. The Audit Committee receives other reports from management relevant to the internal financial controls such as reports on the progress of key projects.
  - \* **Authority levels:** The Board maintains a detailed register of delegated authorities and sets the level of authority required, before Board approval is needed, to commit the Company or to undertake transactions. It also approves budgets and other performance targets. The publishing divisions and Group functions operate within these authority levels and budgets. The Executive Directors determine the authority to be delegated to individual managers.
  - \* **Financial management reporting:** The Board approves the annual Group budget. Sales are reported daily, weekly and monthly. Financial results of the business operations are reported monthly and compared to budget and forecasts. Detailed forecasts for the Company are updated regularly and reviewed by the Board.
  - \* **Book title acquisition procedures:** Established procedures, such as the review and approval by an Executive Director of acquisition proposals of rights to new books, are operated within set authority limits and used for transactions in the ordinary course of business. Acquisitions exceeding delegated authority limits require approval by the Board. Significant acquisitions of companies and businesses are approved by the Board. The Board has set authorised limits for the total author advances held on the Statement of Financial Position as a percentage of net assets and for the total value of committed but unpaid advances.
  - \* **Accountability:** The Company has clearly defined lines of responsibility headed by the Chief Executive and Executive Committee to control the publishing divisions and business functions. Detailed operational and financial performance data are monitored by supervisory management to ensure the performance of operations is in line with targets. The reasons for variances and underperformance are established by supervisory line management and followed up with managers and staff.
  - \* **Overseas offices:** Each overseas office has a local manager or managing director who is responsible for operational effectiveness and local internal controls. Accounting for the Group is centralised and overseas subsidiaries hold limited cash balances. Senior managers and Executive Directors regularly visit the overseas offices and the finance function conducts operational review visits to review the procedures. The Board has implemented a Group Whistleblower Policy and an Anti-bribery and Corruption Policy which are communicated to all staff worldwide and may be found on the Company's website at [www.bloomsbury-ir.co.uk](http://www.bloomsbury-ir.co.uk).
  - \* **Internal Audit:** An internal audit function conducts risk-based audits of the processes to review the internal controls. Its conclusions are communicated to senior management and the Audit Committee. The Audit Committee considers reports from External and Internal Audit to ensure that adequate measures are being taken by management to address risk and control issues. The Group Company Secretary is the Head of Internal Audit and reports to the Chair of the Audit Committee and the Chief Executive in respect of risk management and internal audit work.
- Significant failings or weaknesses in the internal controls**
- Pursuant to provision C.2.3 of the Code, the Committee concludes from its review of the systems of risk management and internal control that the internal controls are adequate for the business of Bloomsbury, including all the Group companies. From this review, the Committee has not identified any significant internal control weaknesses that challenge the Group in achieving its objectives.
- The One Global Bloomsbury structure of four worldwide publishing divisions supported by Group functions ensures an effective internal control framework and provides a platform for integrating acquisitions as the Group grows and evolves.
- Management assigns and monitors control effectiveness ratings to the internal controls across all the business processes worldwide based on the benefits expected from making improvements given the investment of resources that would be required. Based on this, management has identified that the Group's information systems is the process area where most improvement can be made to help increase productivity and effectiveness of the business. In particular, work is ongoing to simplify the legacy systems and introduce new reporting systems to help manage the risks from expansion across new markets, new product types and acquisitions.



## Significant issues in relation to the financial statements

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

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

### 1. Inventories provision

The level of inventories and the inventory provision are set out in note 15 to the financial statements.

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

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

### 2. Sales returns provision

The level of sales return provision is set out in note 16 to the financial statements.

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

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

### 3. Revenue recognition

Included within rights and services revenues are licenses over Bloomsbury's IP to third parties, as stated in note 3 to the financial statements. The revenue recognised from these licences in any one period mainly reflects the value of contracted performance obligations satisfied in that period. The revenue recognition treatment for more complex deals is reviewed by the External Auditors as soon as contracted.

The Committee considered the judgements applied to the most significant licenses. This was to ensure that the revenue recognition treatment was adequate.

## 4. Valuation of goodwill on acquisition of companies

The carrying value of goodwill arising on the acquisition of companies (or groups of companies) by the Group is set out in note 11 to the financial statements.

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

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

## 5. Unearned advance provision

Trade and other receivables in the Group Statement of Financial Position, in note 16 to the financial statements, include net unearned author advances of £22.2 million (2015: £21.4 million).

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

The Committee considered the assumptions made for the titles with the largest net advances across the Group to ensure that the net carrying value of advances was adequately supported.

By order of the Board

**Michael Daykin**

Group Company Secretary

# Directors' Remuneration Report

## Annual Statement

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### Dear Shareholder

I am delighted to present the Directors' Remuneration Report for Bloomsbury Publishing Plc for the year ended 29 February 2016 (the "Report"). The Report has been prepared on behalf of the Bloomsbury Board by the Remuneration Committee (the "Committee") and has been approved by the Board.

### Outline of the Remuneration Report

The Report is split into the following two sections:

- \* Part A, the Remuneration Policy Report, which sets out the Remuneration Policy for the Executive and Non-Executive Directors which was approved by the Shareholders at the 2014 AGM and has operated from 1 March 2014. No changes are proposed to the Remuneration Policy Report; and
- \* Part B, the Annual Report on Remuneration, which discloses how the Remuneration Policy will be implemented for the year ending 28 February 2017 and how it was implemented for the year ended 29 February 2016.

The Annual Report on Remuneration will be subject to an advisory Shareholder vote at the forthcoming AGM on 19 July 2016. The Directors' Remuneration Policy Report will be subject to a binding vote every three years (sooner if changes are made to the policy), next due at the 2017 AGM.

### Performance and reward for 2015/16

Bloomsbury delivered another good performance for the year ended 29 February 2016 against the background of a publishing marketplace that continues to evolve. The Committee set a stretching annual bonus threshold target for Group performance (see below) for the year based on the City analysts' consensus forecast for PBTA. Although the business came close to meeting the threshold target, given the target was not exceeded the Committee has determined that no bonus should be paid for the year.

The PSP awards granted on 29 November 2013 were determined to have vested at 16.5% of the maximum (100% of awards) in 2015/16 based on earnings per share (50% of awards) over the three years ended 29 February 2016. Relative total shareholder return (50% of awards) over the three years from the date of grant was below the threshold target so did not trigger vesting.

### Remuneration plans for 2016/17

The Committee continually reviews the Executive Director Remuneration Policy to ensure it promotes the attraction, motivation and retention of the high quality executives who have been key to delivering the Company's strategy in the past and who will be key to delivering sustainable earnings growth and Shareholder return in the future. For 2016/17, the Committee has concluded that:

- \* basic salaries (other than for Jonathan Glasspool) should be increased by 2% in line with the general workforce for the Group;
- \* Jonathan Glasspool, who was appointed, as an internal appointment, to the Board on 23 July 2015 at a starting annual salary of £200,000, should be awarded a one-time enhanced annual increase to an annual salary of £225,000 following his strong performance and development during his initial period as an Executive Director;
- \* there will be no changes to other elements of fixed pay (i.e. benefit and pension provision);
- \* the structure and quantum of the annual bonus arrangement continues to work well as an incentive. Therefore, the maximum bonus potential will remain at 100% of salary and the structure of the 2016/17 annual bonus will be broadly similar to that operated for 2015/16. A clawback provision will operate in respect of the annual bonus for the Executive Directors; and
- \* the long-term incentive scheme, operated under the Bloomsbury Share Plan 2014 ("PSP"), whereby nil-cost awards are granted annually with vesting performance conditions based on earnings per share (EPS) growth relative to RPI (50% of awards), relative total shareholder return (50% of awards) and continued service provide strong alignment between the Executive Director team and Shareholders. PSP awards based on relative total shareholder return performance have a concurrent performance condition based on EPS growth relative to RPI. This supplements the financial underpin in the PSP scheme rules that provides the Committee with discretion to reduce the level of vesting should the Committee, in its opinion, consider that vesting is not reflective of Bloomsbury's performance.

In line with best practice, the LTIP awards in respect of 2016/17 and onwards will be granted subject to a two-year post-vesting holding period in addition to the existing shareholding guidelines so that, during the holding period, vested shares may not be sold by the Executive Director and remain subject to a clawback provision. The holding period will continue to apply should an Executive Director leave Bloomsbury.



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## Review of the Remuneration Policy

The current Remuneration Policy was approved by the Shareholders at the 2014 AGM held on 22 July 2014. In line with the regulations requiring the renewal of the Remuneration Policy at least every three years, the Committee will review the policy in light of best practice and will seek Shareholder approval to renew the policy at the 2017 AGM.

## Shareholder feedback

In applying the Remuneration Policy, the Committee's priority is to ensure that the interests of the Shareholders and, where beneficial to the Shareholders, other stakeholders are served whilst the Executive Directors and senior management team are treated fairly. In reaching its decisions the Committee considers the views and feedback it receives from Shareholders and other members of the Shareholder corporate governance community together with the views of management.

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

## Jill Jones

*Chair of the Remuneration Committee*

13 June 2016

# Directors' Remuneration Report

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## PART A – REMUNERATION POLICY REPORT

### Introduction

The Committee has adopted the principles of good governance relating to Directors' remuneration as set out in the UK Corporate Governance Code issued September 2014 (the "Code"). This Report, together with the Annual Report on Remuneration, complies with the Companies Act 2006 (the "Act"), the UKLA Listing Rules of the Financial Services Authority and Directors' Remuneration: the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The Company has complied with the provisions of the Code relating to Directors' remuneration throughout the year.

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

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

### Consideration of Shareholder views

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

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

### Consideration of employment conditions elsewhere in the Group

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

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



## Remuneration Policy – Summary policy table

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
<b>Salary</b>	<ul style="list-style-type: none"> <li>* Reflects the value of the individual and their role</li> <li>* Reflects skills and experience over time</li> <li>* Provides an appropriate level of basic fixed income avoiding excessive risk taking arising from over reliance on variable income</li> </ul>	<ul style="list-style-type: none"> <li>* Reviewed annually and normally effective 1 March</li> <li>* Takes periodic comparisons against companies with similar characteristics and sector comparators</li> </ul>	<ul style="list-style-type: none"> <li>* No maximum base salary or maximum salary increase operated</li> <li>* Annual increases are typically linked to those of the wider workforce</li> <li>* Where salaries are below market levels (e.g. upon promotion or a change of role) higher increases may be awarded where appropriate</li> </ul>	<ul style="list-style-type: none"> <li>* N/A</li> </ul>
<b>Annual bonus</b>	<ul style="list-style-type: none"> <li>* Incentivises annual delivery of financial and strategic goals</li> <li>* Maximum bonus only payable for achieving demanding targets</li> </ul>	<ul style="list-style-type: none"> <li>* Paid in cash</li> <li>* Not pensionable</li> </ul>	<ul style="list-style-type: none"> <li>* 100% of salary</li> </ul>	<ul style="list-style-type: none"> <li>* Group profit (majority)</li> <li>* Strategic objectives (minority)</li> <li>* Personal objectives (minority)</li> <li>* Clawback provisions operate for Executive Directors</li> </ul>
<b>Pension</b>	<ul style="list-style-type: none"> <li>* Provides modest retirement benefits</li> <li>* Opportunity for Executive Directors to contribute to their own retirement plan</li> </ul>	<ul style="list-style-type: none"> <li>* Defined contribution/salary supplement or cash payment in lieu of pension contribution</li> </ul>	<ul style="list-style-type: none"> <li>* Up to 15% of salary</li> </ul>	<ul style="list-style-type: none"> <li>* N/A</li> </ul>
<b>Other benefits</b>	<ul style="list-style-type: none"> <li>* To aid retention and recruitment</li> </ul>	<ul style="list-style-type: none"> <li>* Company car or car allowance and the provision of private medical/permanent health insurance and life assurance</li> </ul>	<ul style="list-style-type: none"> <li>* N/A</li> </ul>	<ul style="list-style-type: none"> <li>* N/A</li> </ul>
<b>Long-term incentives</b>	<ul style="list-style-type: none"> <li>* Aligned to main strategic objectives of delivering sustainable profit growth and shareholder return</li> </ul>	<ul style="list-style-type: none"> <li>* Annual grant of nil cost options or conditional awards which normally vest after three years subject to continued service and performance targets</li> </ul>	<ul style="list-style-type: none"> <li>* Normal annual grant policy is 100% of basic salary</li> <li>* Enhanced award levels may be granted up to 150% of salary (e.g. upon an Executive Director's appointment)</li> <li>* Dividend equivalents may be payable to the extent that shares under award vest</li> </ul>	<ul style="list-style-type: none"> <li>* PSP performance normally measured over three years based on EPS growth targets and/or relative TSR</li> <li>* 25% of awards will vest at threshold performance increasing pro rata to full vesting at maximum performance levels</li> <li>* Clawback provisions operate for Executive Directors</li> </ul>

# Directors' Remuneration Report

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
<b>Sharesave</b>	* To encourage employee share ownership by employees and therefore alignment with Shareholders	* HMRC approved savings plan to fund the exercise of share options * The exercise price may be discounted by up to 20% * Provides tax advantages to UK employees	* Prevailing HMRC limits apply	* N/A
<b>Share ownership guidelines</b>	* To provide alignment between Executive Directors and Shareholders	* Executive Directors are required to build and maintain a shareholding equivalent to one year's base salary through the retention of vested share awards or through open market purchases	* 100% of salary holding for Executive Directors	* N/A
<b>Non-Executive Director fees</b>	* Reflects time commitments of each role * Reflects fees paid by similarly sized companies	* Cash fee paid monthly * Three-month notice periods	* No maximum fee or maximum fee increase operated * Annual increases are typically linked to those of the wider workforce, time commitment and responsibility levels	* N/A

## Notes to the summary policy table:

1. A description of how the Company intends to implement the policy set out in this table from the 2015 AGM is set out in the Annual Report on Remuneration on pages 65 to 74.
2. Remuneration arrangements below Board tend to be skewed more towards fixed pay with less of a focus on share-based long-term incentive pay. These differences have arisen from the development of remuneration arrangements that are market competitive for the various categories of individuals.
3. The choice of the performance metrics applicable to the annual bonus scheme reflect the Committee's belief that any incentive compensation should be appropriately challenging and tied to both the delivery of profit growth and personal and strategic objectives.
4. The TSR and EPS performance conditions applicable to the PSP were selected by the Remuneration Committee on the basis that they reward the delivery of long-term returns to Shareholders and the Company's financial growth and are consistent with the Company's objective of delivering superior levels of long-term value to Shareholders. The TSR performance condition is monitored on the Committee's behalf by New Bridge Street whilst the Group's EPS growth is derived from the audited financial statements.
5. PSP awards currently vest after three years subject to continued service and performance targets. Awards granted from 2016 and onwards will be subject to a two-year post-vesting holding period, in addition to the existing shareholding guidelines.
6. The all-employee Sharesave scheme does not have performance conditions.
7. For the avoidance of doubt, in approving this Directors' Remuneration Policy, authority is given to the Company to honour any commitments entered into with current or former Directors (such as the payment of a pension, payment of last year's annual bonus or the vesting/exercise of share awards granted in the past). Details of any payments to former Directors will be set out in the Annual Report on Remuneration as they arise.



## Discretion of the Committee

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

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

### Share-based incentives

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

### Annual bonuses

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

### Routine payments

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

### Non-routine payments

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

### Reward scenarios

The following charts show the projected earnings in 2016/17 for each Executive Director under different performance scenarios:

**Nigel Newton**

**Richard Charkin**

# Directors' Remuneration Report

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Wendy Pallot

Jonathan Glasspool

## Notes:

1. The minimum performance scenario comprises the fixed elements of remuneration only, based on salary and pension as per policy for 2016/17 and estimated benefits based on 2015/16.
2. The target level of bonus is taken to be 50% of the maximum bonus opportunity (100% of salary), and the target level of PSP vesting is assumed to be 50% of the face value assuming a normal grant level (100% of salary). These values are included in addition to the components/values of minimum remuneration.
3. Maximum assumes full bonus payout (100% of salary) and the full face value of the PSP (100% of salary), in addition to fixed components of remuneration.
4. For simplicity, no share price growth has been factored into the calculations. The value of any Sharesave awards and notional dividends accruing on vested LTIP shares has been excluded.

## Executive Director share ownership guidelines

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

## Remuneration earned by the Executive Directors from outside appointments

Significant external appointments of the Directors are given in the bibliographic details on pages 42 and 43. The Committee considers that the external appointments of the Executive Directors have no detrimental impact on the performance of their duties. The Committee has approved that each Executive Director may retain his or her remuneration earned from external appointments up to £15,000 per year.

## Approach to recruitment and promotions

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

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

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

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

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



## Service contracts for Executive Directors

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

Executive Directors	Date of agreement	Date of expiry	Notice period
Nigel Newton	24 June 2003	–	12 months
Richard Charkin	1 October 2007	–	12 months
Wendy Pallot	10 March 2011	–	12 months
Jonathan Glasspool	23 July 2015	–	12 months

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

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

The service contracts for Executive Directors are available for inspection at the Company's registered office.

## Non-Executive Directors

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

Non-Executive Director	Date of appointment	Date of agreement	Date of expiry <sup>1</sup>	Notice period
Jill Jones	23 July 2013	22 July 2013	July 2016	3 months
Stephen Page	20 August 2013	20 August 2013	July 2016	3 months
Sir Anthony Salz	29 August 2013	29 August 2013	July 2016	3 months
John Warren	23 July 2015	26 May 2015	July 2018	3 months

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

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

## PART B – ANNUAL REPORT ON REMUNERATION

The following provides details of the Remuneration Policy which will be in operation for 2016/17 and that operated for the year ended 29 February 2016. Certain elements of this Report, as indicated, have been audited.

### PART B-1 (AUDITED INFORMATION) Implementation of the Remuneration Policy for the year ending 28 February 2017

#### Executive Directors

##### Appointment of Jonathan Glasspool as an Executive Director

Following the close of the AGM on 23 July 2015, the Board made the internal appointment of Jonathan Glasspool as an Executive Director. Jonathan Glasspool joined Bloomsbury in 1999 and has held a number of senior positions in the Company including leading the Academic and Professional publishing division from its start. Further biographical details can be found in the Directors Report.

Jonathan Glasspool was appointed to the Board at an entry-level salary of £200,000 set by the Committee, with the intention of salary enhancement to our targeted market pay positioning over time to reflect his development during his early period in role. The Committee is satisfied that he has proven himself and, after considering mid-quartile basic salaries of executive directors for companies with a similar

# Directors' Remuneration Report

market capitalisation as the Company, has awarded a one-time enhanced increase of £25,000 (12.5%) to his basic salary from 1 March 2016 to align his salary with market. The Committee has no plans to award a further enhanced increase to his basic salary, outside of the normal cycle and considerations for the broader executive director group. Pension and minor benefits for Jonathan Glasspool are in line with the other the Executive Directors of the Company and are in accordance with the Remuneration Policy.

Prior to his appointment to the Board, Jonathan Glasspool received LTIP awards including grants under the Company's CSOP market price share option scheme (see below). Under the Remuneration Policy, CSOP options may not be granted to Executive Directors. The Committee has approved that Jonathan Glasspool may retain his CSOP options on his appointment as permitted by the Remuneration Policy. Future LTIP awards for Jonathan Glasspool will be grants made under the Company's PSP conditional share scheme at a level of 100% of basic salary in line with the other Executive Directors.

## Basic salary

From 1 March 2016, the Group's employees generally, including Nigel Newton, Richard Charkin and Wendy Pallot, received a pay increase of 2% reflecting the underlying performance of the publishing business and in line with the market generally.

Jonathan Glasspool was appointed to the Board on 23 July 2015 at a lower initial salary. In view of his strong performance following his recent appointment, the Committee awarded Jonathan Glasspool a 12.5% increase taking his basic salary to £225,000 from 1 March 2016.

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

Executive Director	From 1 March 2016 £'000	From 1 March 2015 £'000	From 1 March 2014 £'000
Nigel Newton	424	415	407
Richard Charkin <sup>1</sup>	346	339	333
Wendy Pallot	255	250	245
Jonathan Glasspool <sup>2</sup>	225	200	n/a

1. As negotiated at the time of appointment, Richard Charkin's base salary includes a modest uplift in lieu of pension and car allowance.

2. Jonathan Glasspool was appointed to the Board from 23 July 2015 at a salary of £200,000 per annum.

## Pensions

In accordance with the policy, pension contributions will be set at 15% of basic salary for Nigel Newton, Wendy Pallot and Jonathan Glasspool. Directors may elect to receive a cash alternative in lieu of payments by the Company into their private pension arrangements. No pension contributions will be made by the Company for Richard Charkin.

## Other benefits

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

## Annual bonus

For 2016/17, the maximum bonus potential will continue to be set at 100% of salary based on profit with 30% of the bonus paid subject to achieving further objectives comprising 10% on personal objectives and 20% on strategic objectives.

The Group Management Bonus scheme used in previous years for the Executive Directors will continue to be adopted for 2016/17.

Under this scheme bonuses for the Executive Directors and approximately 40 managers are paid from a bonus pool determined by the Committee. The bonuses for the participants of the scheme are scaled back where the pool is not sufficient to pay maximum bonuses. The maximum bonus for each participant is capped and depends on them achieving their individual bonus objectives.

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

## Long-term incentives

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

The annual PSP awards granted in 2016 will be subject to the following targets:

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



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

The awards for Executive Directors will be subject to clawback provisions and to a two-year post-vesting holding period in addition to the existing shareholding guidelines. During the holding period, an Executive Director (including if they stand down from the Board) may not sell their vested shares, which will remain subject to a clawback provision.

The Remuneration Committee has approved that the Executive Directors may participate in the Company's Sharesave scheme if operated during 2016/17.

## Non-Executive Directors

Current annualised fees are as follows:

Non-Executive Director	Position	From 1 March 2016 £'000	From 1 March 2015 £'000
Sir Anthony Salz	Chairman of the Board, Chair of the Nomination Committee	103	103
John Warren <sup>1</sup>	Chair of the Audit Committee and Senior Independent Director	39	39
Jill Jones	Chair of the Remuneration Committee	39	39
Stephen Page	Independent NED	38	38

1. John Warren was appointed to the Board from 23 July 2015 at an annual fee of £39,000.

## Directors' remuneration for 2015/16

Details of payments to Directors in respect of 2015/16 are as follows:

	Year ended 28/29 February	Basic salary or fees £'000	Other benefits <sup>2</sup> £'000	Pension contributions <sup>3</sup> £'000	Performance- related bonus <sup>4</sup> £'000	Gain on share awards <sup>5</sup> £'000	Total <sup>7</sup> £'000
<b>Executive Directors</b>							
Nigel Newton	2016	415	22	62	–	48	547
	2015	407	20	57	65	250	799
Richard Charkin	2016	339	10	–	–	35	384
	2015	333	8	–	50	179	570
Wendy Pallot	2016	250	14	38	–	26	328
	2015	245	14	37	38	160	494
Jonathan Glasspool <sup>1</sup>	2016	117	3	18	–	11	149
	2015	–	–	–	–	–	–
<b>Non-Executive Directors</b>							
Sir Anthony Salz	2016	103	–	–	–	–	103
	2015	101	–	–	–	–	101
Jill Jones	2016	39	–	–	–	–	39
	2015	38	–	–	–	–	38
Stephen Page	2016	38	–	–	–	–	38
	2015	37	–	–	–	–	37
John Warren <sup>1</sup>	2016	24	–	–	–	–	24
	2015	–	–	–	–	–	–
Ian Cormack <sup>6</sup>	2016	16	–	–	–	–	16
	2015	39	–	–	–	–	39
<b>Total</b>	<b>2016</b>	<b>1,341</b>	<b>49</b>	<b>118</b>	<b>–</b>	<b>120</b>	<b>1,628</b>
	<b>2015</b>	<b>1,200</b>	<b>42</b>	<b>94</b>	<b>153</b>	<b>589</b>	<b>2,078</b>

### Notes:

- Salaries from date of appointment to the Board: John Warren and Jonathan Glasspool on 23 July 2015.
- A description of other benefits received by the Directors is given in Part B on page 66.
- Nigel Newton, Wendy Pallot and Jonathan Glasspool accrued pension contributions or a cash alternative amount during the year at a rate of 15% of basic salary.
- Details of the annual bonus targets are given overleaf.
- Details of the gains on PSP award share incentives are given overleaf.
- Ian Cormack stood down from the Board on 23 July 2015.
- Richard Charkin receives a fee of £10,575 per annum in respect of his external appointment as an Non-Executive Director of the Institute Of Physics Publishing that the Committee has approved he may retain. The Executive Directors received no other remuneration from external appointments as Non-Executive Directors.

# Directors' Remuneration Report

## Annual bonus calculation for 2015/16

As set out in the Strategic Report, Bloomsbury delivered another good performance for the year ended 29 February 2016 achieving profit before taxation and highlighted items of £13.0 million. The Committee set a stretching annual bonus threshold target for profit before taxation and highlighted items of £13.0 million based on the City analysts' consensus forecast. Although the business came close to meeting the threshold target, given the target was not exceeded, the Committee has determined that no bonus should be paid for the year. In making its determination, the Committee decided not to use its discretion to allow a bonus to be accrued.

## Bonus objectives for 2015/16

The maximum bonus for each Executive Director is subject to 70% financial, 20% strategic and 10% personal objectives. The table below summarises the personal and strategic bonus objectives set for each Executive Director by the Committee. These would have been used to determine individual bonuses had a bonus been paid.

Strategic area of focus	Nigel Newton	Richard Charkin	Wendy Pallot	Jonathan Glasspool
<b>Grow Non-Consumer</b>		Integrate Osprey as per acquisition plan <sup>b)</sup>	5S	Grow A&P books sales 5P
<b>Expand internationally</b>	Improve distribution and sales arrangements 10S			Develop/implement plans to grow Bloomsbury USA 10S
<b>Create/exploit IP</b>	Acquire rights/initiate projects for Children's <sup>a)</sup> 5P	Acquire rights/initiate projects for Adult 5P		Acquire rights/initiate projects for A&P <sup>d)</sup> 5P
	Develop new Children's & Educational strategy 5S	Renew key long-term contracts 10S		
<b>Benefit from digital</b>			Lead development of Group technology strategy/plans 10S	Expand digital products and services to institutional customers 10S
<b>Establish solid profit streams</b>	Overhaul the Rights systems 5P	Develop and deliver new Trade strategy 5S	Complete next rollout phase of sales system <sup>d)</sup> 10S	
	Develop/implement processes for stock reduction 5S	Continue to improve the author care process 5P	Complete internal control improvements 10P	

During the year, the Committee set the criteria for each objective for "high" (stretching target for full bonus), "medium" (threshold target for partial bonus) and "low" (no bonus accrues) achievement.

### Notes to the table:

- Each bonus objective is classed as strategic or personal denoted respectively by a letter "S" and "P" which is preceded by a figure for the maximum bonus as a percentage of salary. E.g. "10S" in the table indicates a strategic objective for 10% of salary.
- Actions taken by the Executive Directors to achieve a number of the bonus objectives are commercially sensitive in respect of which the Committee has concluded that disclosing the details could undermine the interests of the Company. The Strategic Report on pages 1 to 41 describes how various other bonus objectives have been achieved. Examples of how objectives have been achieved are:
  - The acquisition of picture rights, publishing work, production and marketing for the Harry Potter and the Philosopher's Stone: Illustrated Edition regular and deluxe editions has been executed effectively resulting in significant sales worldwide of books.
  - Staff, stock and the publishing processes of the acquired Osprey Publishing group of companies have been effectively integrated into the Group with minimal disruption to the businesses.
  - The rollout of new systems across the Group has been effective and provides greater visibility and analysis of sales.
  - During the year, the Group completed the acquisition of certain significant LexisNexis and Jordan family law publishing assets from RELX (UK) Limited.



## Vesting of PSP awards

The PSP awards granted on 29 November 2013 are set to vest in 2016 based on EPS performance over the three years ended 29 February 2016 for 50% of awards and relative TSR over the three years from grant for the other 50%. As disclosed in previous annual reports, the performance condition for this award was as follows:

Metric	Performance condition	Threshold target	Stretch target	Actual	% Vesting
Earnings per Share (50% of awards)	EPS of 15.1 pence (30% vesting of this part of an award) to EPS of 18.4 pence (100% vesting) for the year ended 29 February 2016.	15.1p EPS	18.4p EPS	15.24p EPS	16.5% (out of a maximum of 50%)
Total Shareholder Return (50% of awards)	TSR against the constituents of the FTSE Mid 250 (excluding investment trusts). Median (30% vesting of this part of an award) to top quartile (100% vesting) over three years from grant date.	18% increase in TSR (median TSR)	54% increase in TSR (top quartile TSR)	1% increase in TSR	0% <sup>1</sup> (out of a maximum of 50%)
<b>Total estimated vesting of 2013 PSP awards</b>					<b>16.5%</b>

1. Note, given that the TSR performance period does not end until the third anniversary of grant (29 November 2016), the TSR targets and actual result are estimated based on the position as at 29 February 2016.

For calculating Single Figure values, based on the above, estimated values for the 2013 PSP awards with EPS performance conditions for the Executive Directors are as follows:

Executive	Type of award	Number of shares at grant with EPS	Number of shares to lapse	Number of shares to vest	Number of Dividend Shares <sup>2</sup>	Total	Estimated value <sup>3</sup> (£'000)
Nigel Newton	Conditional award with EPS performance condition	86,760	58,155	28,605	3,163	31,768	48
Richard Charkin		62,364	41,803	20,561	2,274	22,835	35
Wendy Pallot		45,994	30,830	15,164	1,677	16,841	26
Jonathan Glasspool		19,898	13,338	6,560	725	7,285	11

2. Dividend Shares are in lieu of dividends that would have accrued on the "Number of shares to vest" if held by the participants from the date of grant up to the date of vesting of awards.

3. Estimated value is based on the average share price in the last three months of the financial year being 152.45 pence (2015: 155.38 pence).

The values of 2012 PSP awards granted 5 December 2012 for the Executive Directors that vested with a performance period ending during the year ended 29 February 2016 are as follows:

Executive	Type of award	Total shares received	Value of shares received <sup>3</sup> (£'000)
Nigel Newton	Conditional award with TSR performance condition granted 5 December 2012	0	0
Richard Charkin		0	0
Wendy Pallot		0	0
Jonathan Glasspool		0	0

## PSP awards granted during 2015/16

Details of PSP awards granted in 2015/16 are as follows:

Individual	Scheme	Date of grant	Basis of award	Face value £'000	Vesting at Threshold	Vesting at Maximum	Performance period
Nigel Newton <sup>1</sup>	PSP (Conditional awards)	28 July 2015	100% of salary	415	25%	100%	TSR: 3 years to 28 February 2018
Richard Charkin <sup>1</sup>		28 July 2015	100% of salary	339	25%	100%	
Wendy Pallot <sup>1</sup>		28 July 2015	100% of salary	250	25%	100%	EPS: 3 years to 28 February 2018
Jonathan Glasspool <sup>2</sup>		28 July 2015	55% of salary	110	25%	100%	

1. For awards presented above for Nigel Newton, Richard Charkin and Wendy Pallot:

\* For 50% of awards (TSR awards): 25% of this part of an award will vest for a median TSR (nil vesting for below), increasing to 100% vesting of this part of an award for a top quartile TSR, measured against the FTSE SmallCap Index (excluding investment trusts); and

\* For 50% of awards (EPS awards): 25% of this part of an award will vest for a compound annual growth rate in normalised EPS over the performance period in excess of annualised RPI ("Relative EPS growth") of 3% increasing prorata to 100% vesting of this part of an award for a Relative EPS growth of 8%.

2. The awards made to Jonathan Glasspool as a Director, who was appointed to the Board on 23 July 2015, are as follows:

# Directors' Remuneration Report

Type of award	Performance conditions	Date of grant	Basis of award	Face value £'000
TSR award	Same performance conditions as for the awards to the other Directors.	28 July 2015	15% of salary	30
EPS award		28 July 2015	40% of salary	80
Total			55% of salary	110

In determining the level of the PSP awards to Jonathan Glasspool the Committee took account of:

- \* the normal annual grant policy of 100% of basic salary in total for EPS and TSR awards;
- \* the length of service as a Director during the year ended 29 February 2016 (approximately 61% of the full year); and
- \* the awards granted before appointment to the Board during the year ended 29 February 2016, namely market-priced share options with a concurrent EPS performance condition granted under the Bloomsbury 2014 Company Share Option Plan with a face value of £50,000. In accordance with the Remuneration Policy, the Committee approved that Jonathan Glasspool may retain these options upon his promotion to a Director.

The Committee anticipates the normal grant policy of 100% of salary will be applied to Jonathan Glasspool for future awards.

## Payments to past Directors

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

## Payments for loss of office

Ian Cormack stepped down as Non-Executive Director at the close of the 2015 AGM on 23 July 2015. No payment for loss of office was made to Ian Cormack.

## Outstanding share awards

### PSP awards

PSP conditional share awards have been granted for nil consideration over Ordinary shares of 1.25 pence in the Company under the Bloomsbury 2005 Performance Share Plan ("2005 PSP") and the Bloomsbury 2014 Performance Share Plan ("2014 PSP"). The number of PSP conditional shares awarded is calculated based on the closing mid-market share price prevailing on the day before the date of grant.

The following PSP conditional shares awarded to the Executive Directors were outstanding during the year:

	Date of PSP award	Due date of exercise/expiry	Price at grant date (pence)	At 1 March 2015	Awarded during the year	Exercised during the year	Lapsed during the year	Share price on date of exercise (pence)	At 29 February 2016
Nigel Newton	5 Dec 2012	5 Dec 2015	115.50p	256,711	–	74,446	182,265	–	–
	29 Nov 2013	29 Nov 2016	170.88p	173,519	–	–	–	–	173,519
	23 Dec 2014	23 Dec 2017	160.00p	254,500	–	–	–	–	254,500
	28 Jul 2015	28 Jul 2018	162.75p	–	255,238	–	–	–	255,238
Richard Charkin	5 Dec 2012	5 Dec 2015	115.50p	184,527	–	53,513	131,014	–	–
	29 Nov 2013	29 Nov 2016	170.88p	124,728	–	–	–	–	124,728
	23 Dec 2014	23 Dec 2017	160.00p	201,626	–	–	–	–	201,626
	28 Jul 2015	28 Jul 2018	162.75p	–	208,480	–	–	–	208,480
Wendy Pallot	5 Dec 2012	5 Dec 2015	115.50p	129,234	–	37,478	91,756	–	–
	29 Nov 2013	29 Nov 2016	170.88p	91,988	–	–	–	–	91,988
	23 Dec 2014	23 Dec 2017	160.00p	153,312	–	–	–	–	153,312
	28 Jul 2015	28 Jul 2018	162.75p	–	153,732	–	–	–	153,732
Jonathan Glasspool	5 Dec 2012	5 Dec 2015	115.50p	58,874	–	17,073	41,801	–	–
	29 Nov 2013	29 Nov 2016	170.88p	39,795	–	–	–	–	39,795
	23 Dec 2014	23 Dec 2017	160.00p	27,359	–	–	–	–	27,359
	28 Jul 2015	28 Jul 2018	162.75p	–	67,588	–	–	–	67,588



## EPS

- \* For 50% of the 2013 awards: 30% of this part of an award will vest for normalised EPS of 15.1 pence increasing pro rata to 100% of this part of an award vesting for normalised EPS of 18.4 pence.
- \* For 50% of the awards from 2014 and onwards<sup>1</sup>: 25% of this part of an award will vest for a compound annual growth rate in normalised EPS over the performance period in excess of annualised RPI ("Relative EPS growth") of 3% increasing pro rata to 100% vesting of this part of an award for a Relative EPS growth of 8%.

## TSR

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

For 50% of the awards from 2014 and onwards<sup>1</sup>: 25% of this part of an award will vest for a median TSR, increasing to 100% vesting of this part of an award for a top quartile TSR, measured against the FTSE SmallCap (excluding investment trusts). Awards have a concurrent performance condition that no vesting occurs for Relative EPS growth below 0%.

1. For PSP awards made in 2015 to Jonathan Glasspool in respect of his first year as a Director, 27% have TSR performance conditions and 73% have EPS performance conditions.

## Company Share Option Plan

Bloomsbury operates the 2014 Company Share Option Plan ("2014 CSOP") under which the Committee may grant options over Ordinary shares of 1.25 pence in the Company with performance conditions determined by the Committee to participants below the Board. The outstanding 2014 CSOP options granted to Executive Directors prior to their appointment as a Director that the Remuneration Policy permits the Director to retain are:

	At 1 March 2015	Granted during the year	At 29 February 2016	Exercise price <sup>1</sup> (pence)	Date of grant	Vesting date <sup>2</sup>	Expiry date
Jonathan Glasspool	18,750	–	<b>18,750</b>	160.00p	24 Dec 2014	Dec 2017	Dec 2024
	–	31,447	<b>31,447</b>	159.00p	10 Jul 2015	Jul 2018	Jul 2025

1. The exercise price is the closing share price on the day before the grant date.

2. CSOP options vest on the third anniversary of the grant date for a compound annual growth rate in normalised EPS over the three-year performance period in excess of annualised RPI ("Relative EPS growth") of 0%.

## 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 at the year ended:

	At 1 March 2015	Granted during the year	Exercised during the year	At 29 February 2016	Exercise price <sup>1</sup> (pence)	Date of grant	Date from which exercisable	Expiry date
Richard Charkin	3,682	–	(3,682)	–	97.75p	14 Jun 2012	Aug 2015	Feb 2016
	–	6,346	–	<b>6,346</b>	141.8p	16 Jun 2015	Sep 2018	Mar 2018
Wendy Pallot	3,682	–	(3,682)	–	97.75p	14 Jun 2012	Aug 2015	Feb 2016
	–	6,346	–	<b>6,346</b>	141.8p	16 Jun 2015	Sep 2018	Mar 2018
Jonathan Glasspool	3,682	–	(3,682)	–	97.75p	14 Jun 2012	Aug 2015	Feb 2016
	–	3,808	–	<b>3,808</b>	141.8p	16 Jun 2015	Sep 2018	Mar 2018

# Directors' Remuneration Report

## Directors' interests in shares

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

	Owned <sup>2</sup>		PSP Awards		CSOP options unvested	Sharesave options unvested	Total 29 February 2016	% of Shareholding Guideline achieved <sup>1</sup>
	29 February 2016	28 February 2015	Unvested	Vested				
Nigel Newton	1,191,165	1,279,914	683,257	–	–	–	1,874,422	100%
Richard Charkin	337,860	274,477	534,834	–	–	6,346	879,040	100%
Wendy Pallot	130,640	104,857	399,032	–	–	6,346	536,018	78%
Jonathan Glasspool <sup>3</sup>	23,559	n/a	134,742	–	50,197	3,808	212,306	16%
Sir Anthony Salz	5,000	–	–	–	–	–	5,000	n/a
Jill Jones	–	–	–	–	–	–	–	n/a
Stephen Page	–	–	–	–	–	–	–	n/a
John Warren <sup>3</sup>	10,000	n/a	–	–	–	–	10,000	n/a
Ian Cormack <sup>3</sup>	n/a	11,975	–	–	–	–	11,975	n/a
<b>Total</b>	<b>1,698,224</b>	<b>1,671,223</b>	<b>1,751,865</b>	<b>–</b>	<b>50,197</b>	<b>16,500</b>	<b>3,528,761</b>	

1. The Shareholding Guideline (100% of salary) was introduced during the year ended 28 February 2013 and can be found on the Company's website [www.bloomsbury-ir.co.uk](http://www.bloomsbury-ir.co.uk). The guideline requires that the Executive Director must retain shares vesting from the PSP awards net of tax until the shareholding guideline has been met. The number of shares needed to satisfy a shareholding is recalculated at the close of the next business day following the announcement of the full year results (the "Review Date"). The recalculation is based on the Executive Director's prevailing base salary and the closing mid-market share price 153.25 pence) on the Review Date.

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

3. At the time of retiring from the Board on 23 July 2015, Ian Cormack held 11,975 Bloomsbury shares. John Warren and Jonathan Glasspool were appointed to the Board on 23 July 2015.

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

The closing market price of an Ordinary share at 29 February 2016 was 156.5p (2015: 149.25p) and the range of intra-day market prices from 1 March 2015 to 29 February 2016 was 141.1p to 185.0p (2015: 140.5p to 190.0p).

## PART B-2 (UNAUDITED INFORMATION)

### Performance graph and table

The chart below shows the Company's Total Shareholder Return for the year ended 29 February 2016 and for the seven prior years together with the FTSE SmallCap Media sector index. The index has been selected as it represents a broad equity market index of which the Company is a constituent member.

The chart aligns to the Company's accounting period, which was extended during the 14 months to 28 February 2011.



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

	Period ended					
	28 February 2011 (14 months)	29 February 2012	28 February 2013	28 February 2014	28 February 2015	29 February 2016
Total remuneration (£'000)	900	785	617	749	799	547
Annual bonus (%)	84%	54%	0%	17%	16%	0%
PSP vesting (%)	0%	50%	50%	50%	56%	16% <sup>11</sup>

1. Based on a vesting level of 16.5% estimated for 2013 PSP awards with EPS performance conditions (see above) and an actual vesting level of 0% for 2012 PSP awards with TSR performance conditions.

### Percentage change in Chief Executive's remuneration

The table below shows the percentage change in the Chief Executive's salary, benefits and annual bonus between the financial year ending 28 February 2015 and 29 February 2016, compared to that of the total remuneration for all employees of the Company for each of these elements of pay.

	Total remuneration		% change
	Year ended 28 February 2015	Year ended 29 February 2016	
<b>Salary</b>			
Chief Executive (£'000)	407	415	2%
All employees (£'m)	21.2	22.8	8%
<b>Benefits including pension</b>			
Chief Executive (£'000)	77	84	9%
All employees (£'m)	0.8	0.9	13%
<b>Annual bonus</b>			
Chief Executive (£'000)	63	–	–
All employees (£'m)	0.3	–	–
Average number of employees	550	585	6%

### Relative importance of spend on pay

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

	Year ended		% change
	28 February 2015	29 February 2016	
Staff costs (£'m)	24.1	25.8	7%
Dividends declared (£'m)	4.5	4.8	7%
Retained profits (£'m)	3.5	4.8	37%

### Statement of Shareholder voting

The Annual Statement by the Chairman of the Remuneration Committee and Annual Report on Directors' Remuneration for the financial year ended 28 February 2015 was put to Shareholders at the Annual General Meeting held on 23 July 2015 on an advisory basis. The voting outcomes were as follows:

	Number of shares	Percentage of the vote
Votes cast in favour	56,665,627	99.8%
Votes cast against	127,001	0.2%
Total votes cast	56,792,628	100%
Abstentions on voting cards	9,700	

# Directors' Remuneration Report

The Remuneration Policy was last put to shareholders at the Annual General Meeting held on 22 July 2014 as an ordinary resolution. The voting outcomes were as follows:

	Number of shares	Percentage of the vote
Votes cast in favour	52,547,667	99.4%
Votes cast against	296,076	0.6%
Total votes cast	52,843,743	100%
Abstentions on voting cards	25,566	

## Remuneration Committee

### Responsibilities and activities of the Committee

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

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

### Membership

For the year ended 29 February 2016 up until signing the Report, the Committee has comprised three Independent Non-Executive Directors as follows:

Director	Appointed in the year (if applicable)	Resigned in the year (if applicable)
Jill Jones (Chair of the Committee)	–	–
Sir Anthony Salz	–	–
John Warren	23 July 2015	–
Ian Cormack	–	23 July 2015

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

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

### Assistance to the Committee

During the year the Committee took advice from external remuneration consultants, New Bridge Street, which does not perform other services for and has no other connection with the Company (a statement to this effect is included on the Company's website, [www.bloomsbury-ir.co.uk](http://www.bloomsbury-ir.co.uk)). The Committee is free to choose its advisors and is satisfied that New Bridge Street continues to provide advice that is objective and independent. Fees paid to New Bridge Street for 2015/16 totalled £7,900.

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

Approved by the Board of Directors and signed on its behalf

### Jill Jones

Chair of the Remuneration Committee  
13 June 2016

# Independent Auditors' Report

To the members of Bloomsbury Publishing Plc only



## Opinion and conclusions arising from our audit

### 1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Bloomsbury Publishing Plc for the year ended 29 February 2016, set out on pages 79 to 129. In our opinion:

- \* the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 29 February 2016 and of the Group's profit for the year then ended;
- \* the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- \* the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- \* the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

### 2. Our assessment of risks of material misstatement

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

The risk	Our response
<b>Revenue – £123.7m; Returns provision – £5.8m</b> Refer to page 54 (Audit Committee Report), page 86 (accounting policy) and pages 91 to 93 (financial disclosures)	
There are contracts entered into by the Group for Rights and Services revenue (including sales of copyright and trademarks) that are complex. These arrangements may include: the licensing or outright sale of the Group's intellectual property; the provision of ongoing consultancy services; or a bundled combination of these.  The complexity of the contractual terms requires the Group to make judgements in assessing when the triggers for revenue recognition have been met, particularly as to when the Group has sufficiently fulfilled its obligations under the contract (licensing, consultancy or outright sale) to allow revenue to be recognised. The Group is also required to make judgement in allocating fair value of the consideration to each deliverable included in a bundled arrangement, especially in instances where fair value of the individual deliverables is not observable on the open market.	For all individually significant Rights and Services contracts signed during the year, our audit procedures included: <ul style="list-style-type: none"> <li>* Reviewing the Group's determination of fair value for each deliverable in a bundled arrangement by reference to other available sources of information on fair value</li> <li>* Identifying from review of the contracts and discussions with the directors, the triggers for revenue recognition and assessing the risk of revenues being recorded in the incorrect period in respect of bundled contracts straddling the year end</li> <li>* Obtaining evidence that the Group had fulfilled its obligations under the contract so as to recognise revenues, which included, where appropriate, evidence of customer acceptance</li> <li>* For revenue on licensing arrangements that was recognised by the Group on delivery of the intellectual property, we considered whether there were any remaining contractual obligations or separate deliverables in the agreement which may preclude the recognition of revenue.</li> </ul>
The Group typically sells its books on a sale or return basis. Estimating the level of returns from customers is subjective in nature due to the longer period of returns allowed in the industry and may have a material impact on the reported result at any given year end. As such this is a significant focus area for our audit.	<ul style="list-style-type: none"> <li>* For the returns provision, our procedures included an assessment of historical returns from customers and comparing this against the returns rate used in the underlying provision calculation.</li> </ul> We obtained evidence of actual returns received in the year to prior year's provision to assess historical accuracy of the Group's provisions.

# Independent Auditors' Report

## To the members of Bloomsbury Publishing Plc only

The risk	Our response
<p><b>Goodwill – £42.1m</b> Refer to page 54 (Audit Committee Report), page 87 (accounting policy) and pages 99 to 100 (financial disclosures)</p> <p>The Group has completed a number of significant acquisitions in the past four years. The recoverability of the goodwill is dependent on individual businesses acquired sustaining sufficient profitability in the future and the Group realising synergy savings associated with the acquisitions. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability, this is a significant risk area that our audit is focused on.</p>	<ul style="list-style-type: none"> <li>✳ Our audit procedures included testing of the budgeting procedures upon which the forecasts are based and assessing the integrity of the discounted cash flow model.</li> <li>✳ We have used our knowledge of comparable companies and market data to challenge the assumptions, in particular the inputs and methodology in determining the discount rate used to calculate the present value of projected future cash flows.</li> <li>✳ We considered the historical accuracy of key assumptions by comparing the accuracy of the previous estimates of revenue and cost growth to the actual amounts realised. We sensitised key assumptions, including the revenue growth rate and the discount rate and considered whether the disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions properly reflected the risks inherent in the valuation of goodwill.</li> </ul>
<p><b>Inventory – £27.6m</b> Refer to page 54 (Audit Committee Report), page 88 (accounting policy) and page 104 (financial disclosures)</p> <p>The Group has significant inventory balances which could be at risk of obsolescence if stock levels exceed future sales volumes. There is an inherent uncertainty in estimates of future sales volume and the related estimates of stock obsolescence, which may have a material impact on the reported result. As such this is a significant focus area for our audit</p>	<ul style="list-style-type: none"> <li>✳ We assessed the recoverability of inventory items based on sales made in the year and the Group's historic stock turns. We compared the estimates used in the stock provision calculation to the actual stock turnover rates in the year and assessed if the actual trend is followed while making predictions for future years.</li> <li>✳ In addition we assessed whether inventory was recorded at the lower of cost and recoverable value by comparing, on a sample basis, the recorded unit cost of stock against the market sales price at the time of testing.</li> <li>✳ We also evaluated whether the Group's provisioning policy was consistently applied.</li> </ul>
<p><b>Advances – £22.2m</b> Refer to page 54 (Audit Committee Report), page 88 (accounting policy) and pages 104 to 105 (financial disclosures)</p> <p>The Group pays royalty advances to its authors prior to the delivery of a manuscript. The Group recovers these advances from future sales by deducting royalties due to the author under the terms of the relevant royalty agreement.</p> <p>The advances balance is made up of a significant number of individual advances to authors and requires the Group to forecast sales to monitor recoverability of advances.</p> <p>In determining whether advances are recoverable, the Group must make judgements over the likely future sales of individual titles. Where insufficient sales are forecast by the Group, a provision is recorded against each advance.</p> <p>This is a significant risk area as there is inherent uncertainty regarding the future sales of individual titles arising from the changes in the economic environment, actions of competitors and forecasting risk.</p>	<ul style="list-style-type: none"> <li>✳ For individually significant advance balances, we challenged forecasts for future sales by analysing the accuracy of historical estimates of recoverability, both by genre and by title.</li> <li>✳ We considered any specific adjustments made by management to the historical trends in arriving at the final provision and provided challenge on whether such a position was justified. This involved discussing specific promotions or market events planned for the future which could have a material impact on the title's future recoverability.</li> </ul>



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

The materiality for the Group financial statements as a whole was set at £500,000, determined with reference to a benchmark of Group profit before taxation, of which it represents 5%.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £25,000 in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's five reporting components, audits for Group reporting purposes were performed at the two reporting components in the UK and the USA, covering 93% of total Group revenue; 98% of Group profit before taxation and 95% of total Group assets. We have performed specific procedures over the year-end balance sheet of Osprey Group, which include obtaining inventory and cash confirmations. For the remaining components in Australia and India, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team performed the audit of the UK component and instructed the USA component auditor as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materialities, which ranged from £400,000 to £450,000, having regard to the mix of size and risk profile of the Group across the components.

The Group audit team also visited the USA component, to assess the audit risk and strategy and to review the audit files. Telephone conference meetings were also held with the US component auditors. At the visit and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

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

In our opinion:

- \* the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- \* the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- \* the information given in the Corporate Governance Statement set out on pages 54 to 56 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

### **5. We have nothing to report on the disclosures of principal risks**

- \* Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:
- \* the directors' statement of longer-term viability on page 32, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the group's continuing in operation over the 3 years to 28 February 2019; or
- \* the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

# Independent Auditors' Report

To the members of Bloomsbury Publishing Plc only

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

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

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

- \* we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
  - \* the Audit Committee section of the Corporate Governance Statement on page 54 does not appropriately address matters communicated by us to the Audit Committee.
- \* Under the Companies Act 2006 we are required to report to you if, in our opinion:
- \* adequate accounting records have not been kept by the parent company or returns adequate for our audit have not been received from branches not visited by us; or
  - \* the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
  - \* certain disclosures of directors' remuneration specified by law are not made; or
  - \* we have not received all the information and explanations we require for our audit; or
  - \* a corporate governance statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- \* the directors' statement, set out on page 48, in relation to going concern and longer-term viability; and
- \* the part of the Corporate Governance Statement on page 53 relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

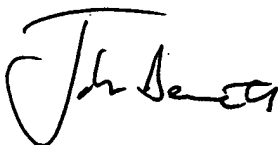
We have nothing to report in respect of the above responsibilities.

### Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on pages 47 to 48, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate). This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at [www.kpmg.com/uk/auditscopeukco2014a](http://www.kpmg.com/uk/auditscopeukco2014a), which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

### John Bennett

(Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square, London  
13 June 2016



# Consolidated Income Statement

For the year ended 29 February 2016



	Notes	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Revenue	3	123,725	111,125
Cost of sales		(55,198)	(47,800)
<b>Gross profit</b>		<b>68,527</b>	<b>63,325</b>
Marketing and distribution costs		(17,065)	(15,519)
Administrative expenses		(41,016)	(38,154)
<b>Operating profit before highlighted items</b>		<b>13,115</b>	<b>12,127</b>
Highlighted items	4	(2,669)	(2,475)
<b>Operating profit</b>	4	<b>10,446</b>	<b>9,652</b>
Finance income	6	27	46
Finance costs	6	(114)	(94)
<b>Profit before taxation and highlighted items</b>		<b>13,028</b>	<b>12,079</b>
Highlighted items	4	(2,669)	(2,475)
<b>Profit before taxation</b>		<b>10,359</b>	<b>9,604</b>
Taxation	7	(652)	(856)
<b>Profit for the year attributable to owners of the Company</b>		<b>9,707</b>	<b>8,748</b>
<b>Earnings per share attributable to owners of the Company</b>			
Basic earnings per share	10	12.98p	11.94p
Diluted earnings per share	10	12.93p	11.90p

The notes on pages 84 to 117 form part of these consolidated financial statements.

# Consolidated Statement of Comprehensive Income

For the year ended 29 February 2016

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	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
<b>Profit for the year</b>	<b>9,707</b>	<b>8,748</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to the income statement:</i>		
Currency translation differences on foreign operations	3,214	1,954
<i>Items that may not be reclassified to the income statement:</i>		
Remeasurements on the defined benefit pension scheme	(24)	(106)
Other comprehensive income for the year net of tax	3,190	1,848
<b>Total comprehensive income for the year attributable to the owners of the Company</b>	<b>12,897</b>	<b>10,596</b>

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 29 February 2016



	Notes	29 February 2016 £'000	28 February 2015 £'000
<b>Assets</b>			
Goodwill	11	42,092	41,508
Other intangible assets	12	22,465	22,578
Property, plant and equipment	13	2,463	2,833
Deferred tax assets	14	2,988	3,607
Trade and other receivables	16	1,011	-
<b>Total non-current assets</b>		<b>71,019</b>	<b>70,526</b>
Inventories	15	27,598	29,235
Trade and other receivables	16	71,461	61,700
Cash and cash equivalents	17	6,556	10,021
<b>Total current assets</b>		<b>105,615</b>	<b>100,956</b>
<b>Total assets</b>		<b>176,634</b>	<b>171,482</b>
<b>Liabilities</b>			
Retirement benefit obligations	23	230	227
Deferred tax liabilities	14	2,675	3,119
Other payables	18	871	886
Provisions	20	43	482
<b>Total non-current liabilities</b>		<b>3,819</b>	<b>4,714</b>
Trade and other payables	18	38,435	37,250
Bank overdraft	17	1,390	-
Loans and borrowing	19	-	2,500
Current tax liabilities		-	2,841
Provisions	20	23	23
<b>Total current liabilities</b>		<b>39,848</b>	<b>42,614</b>
<b>Total liabilities</b>		<b>43,667</b>	<b>47,328</b>
<b>Net assets</b>		<b>132,967</b>	<b>124,154</b>
<b>Equity</b>			
Share capital	21	939	938
Share premium		39,388	39,388
Translation reserve	21	7,043	3,829
Other reserves	21	6,829	6,056
Retained earnings	21	78,768	73,943
<b>Total equity attributable to owners of the Company</b>		<b>132,967</b>	<b>124,154</b>

The financial statements were approved by the Board of Directors and authorised for issue on 13 June 2016.

**J N Newton**

Director

**W Pallot**

Director

# Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Translation reserve £'000	Merger reserve £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Own shares held by EBT £'000	Retained earnings £'000	Total equity £'000
<b>At 28 February 2014</b>	<b>924</b>	<b>39,388</b>	<b>1,875</b>	<b>–</b>	<b>22</b>	<b>4,582</b>	<b>(1,202)</b>	<b>70,447</b>	<b>116,036</b>
Profit for the year	–	–	–	–	–	–	–	8,748	8,748
<b>Other comprehensive income</b>									
Exchange differences on translating foreign operations	–	–	1,954	–	–	–	–	–	1,954
Remeasurements on the defined benefit pension scheme	–	–	–	–	–	–	–	(106)	(106)
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>1,954</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8,642</b>	<b>10,596</b>
<b>Transactions with owners</b>									
Issue of shares	14	–	–	1,386	–	–	–	(3)	1,397
Dividends to equity holders of the Company	–	–	–	–	–	–	–	(4,276)	(4,276)
Share options exercised	–	–	–	–	–	–	864	(749)	115
Deferred tax on share-based payment transactions	–	–	–	–	–	–	–	(118)	(118)
Share-based payment transactions	–	–	–	–	–	404	–	–	404
<b>Total transactions with owners of the Company</b>	<b>14</b>	<b>–</b>	<b>–</b>	<b>1,386</b>	<b>–</b>	<b>404</b>	<b>864</b>	<b>(5,146)</b>	<b>(2,478)</b>
<b>At 28 February 2015</b>	<b>938</b>	<b>39,388</b>	<b>3,829</b>	<b>1,386</b>	<b>22</b>	<b>4,986</b>	<b>(338)</b>	<b>73,943</b>	<b>124,154</b>
Profit for the year	–	–	–	–	–	–	–	9,707	9,707
<b>Other comprehensive income</b>									
Exchange differences on translating foreign operations	–	–	3,214	–	–	–	–	–	3,214
Remeasurements on the defined benefit pension scheme	–	–	–	–	–	–	–	(24)	(24)
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>3,214</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9,683</b>	<b>12,897</b>
<b>Transactions with owners</b>									
Issue of shares	1	–	–	–	–	–	–	(1)	–
Dividends to equity holders of the Company	–	–	–	–	–	–	–	(4,590)	(4,590)
Share options exercised	–	–	–	–	–	–	331	(243)	88
Deferred tax on share-based payment transactions	–	–	–	–	–	–	–	(24)	(24)
Share-based payment transactions	–	–	–	–	–	442	–	–	442
<b>Total transactions with owners of the Company</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>442</b>	<b>331</b>	<b>(4,858)</b>	<b>(4,084)</b>
<b>At 29 February 2016</b>	<b>939</b>	<b>39,388</b>	<b>7,043</b>	<b>1,386</b>	<b>22</b>	<b>5,428</b>	<b>(7)</b>	<b>78,768</b>	<b>132,967</b>

# Consolidated Statement of Cash Flows

For the year ended 29 February 2016



	Notes	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
<b>Cash flows from operating activities</b>			
Profit before taxation		10,359	9,604
Finance income		(27)	(46)
Finance costs		114	94
Operating profit		10,446	9,652
Adjustments for:			
Depreciation of property, plant and equipment		666	660
Amortisation of intangible assets		3,857	3,259
Loss on sale of property, plant and equipment		1	8
Share-based payment charges		487	496
		15,457	14,075
Decrease/(increase) in inventories		3,133	(2,443)
(Increase)/decrease in trade and other receivables		(8,212)	272
Decrease in trade and other payables		(1,476)	(246)
<b>Cash generated from operating activities</b>		<b>8,902</b>	<b>11,658</b>
Income taxes paid		(3,870)	(1,410)
<b>Net cash generated from operating activities</b>		<b>5,032</b>	<b>10,248</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(249)	(274)
Purchase of businesses, net of cash acquired		(60)	(5,325)
Purchases of intangible assets		(2,846)	(3,562)
Proceeds from sales of property, plant and equipment		–	6
Interest received		9	26
<b>Net cash used in investing activities</b>		<b>(3,146)</b>	<b>(9,129)</b>
<b>Cash flows from financing activities</b>			
Equity dividends paid		(4,590)	(4,276)
Proceeds from exercise of share options		88	115
(Repayment)/drawdown of borrowings		(2,500)	2,500
Interest paid		(90)	(68)
<b>Net cash used in financing activities</b>		<b>(7,092)</b>	<b>(1,729)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(5,206)</b>	<b>(610)</b>
Cash and cash equivalents at beginning of year		10,021	10,037
Exchange gain on cash and cash equivalents		351	594
<b>Cash and cash equivalents at end of year</b>	17	<b>5,166</b>	<b>10,021</b>

# Notes to the Financial Statements

## Accounting Policies

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### 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 131. The consolidated financial statements of the Company as at and for the year ended 29 February 2016 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the publication of books and other related services.

### 2. Significant accounting policies

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

#### a) Statement of compliance

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

#### b) Basis of preparation

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

#### c) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review on pages 1 to 41. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 25 to 31. In addition, note 24 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 24c).

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 at least until June 2017, being the period of the detailed going concern assessment reviewed by the Board. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### d) Use of estimates and judgements

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

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

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

The following amendments and interpretations were introduced to accounting standards relevant to the Group during the year ended 29 February 2016. The table below summarises the impact of these changes to the Group:

Accounting standard	Description of change	Impact on financial statements
IAS 19 Employee Benefits	The amendment simplifies how to account for contributions that are made independently of the number of years of employee service.	The amendment has not had any impact on the Group.
Annual Improvements to IFRS 2010–2012 cycle	Amendments have been made to update and clarify various standards including IFRS 2 'Share-based Payment', IFRS 3 'Business Combinations', IFRS 8 'Operating Segments', IFRS 13 'Fair Value Measurement', IAS 16 'Property, Plant and Equipment', IAS 38 'Intangible Assets' and IAS 24 'Related Party Disclosures'.	The amendments do not have an impact on the financial position or performance of the Group.
Annual Improvements to IFRS 2011–2013 cycle	Amendments have been made to update and clarify various standards including IFRS 1 'First-time Adoption of International Financial Reporting Standards', IFRS 3 'Business Combinations', IFRS 13 'Fair Value Measurement' and IAS 40 'Investment Property'.	The amendments made do not have an impact on the financial position or performance of the Group.



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

#### **f) Basis of consolidation**

##### **i) Business combinations**

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

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

##### **ii) Subsidiaries**

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

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

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

All subsidiaries except Bloomsbury Publishing India Private Limited have a reporting period end of 29 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**

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

##### **iv) Transactions eliminated on consolidation**

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

# Notes to the Financial Statements

## Accounting Policies

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### g) Revenue

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

- \* Revenue from book publishing is recognised when title passes. A provision for anticipated returns is made based primarily on historical return rates. If these do not reflect actual returns in future periods then revenues could be understated or overstated for a particular period.
- \* Revenue from the sale of publishing and distribution rights, including film, paperback, electronic, overseas publishing rights, and sponsorship, is recognised when the Group has discharged its obligations under the arrangement to deliver the associated material, and the Group has either received appropriately enacted contractual documentation or received payment, whichever occurs first.
- \* Revenue from database contracts is recognised in accordance with the stages of completion of contractual services provided. The degree of completion is calculated as a proportion of the content generated against the contractually agreed milestone, for example number of words generated. Where the degree of completion of milestones cannot be reliably measured, revenue is only recognised in full on completion.
- \* Revenue from management services contracts is usually recognised on a straight-line basis over the period that the service is provided.
- \* Revenue from e-book sales is recognised when content is delivered.

Where contractual arrangements consist of two or more separate elements, such as access to multiple titles, revenue is recognised for each element as if it were an individual contractual arrangement.

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

**iii) Current and deferred tax for the year**

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

**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	— 7% to 20% per annum
Imprints	— 3% to 10% per annum
Subscriber and customer relationships	— 7% to 17% per annum
Product and systems development	— 14% to 20% per annum

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

**iii) Product and systems development**

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

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

# Notes to the Financial Statements

## Accounting Policies

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

### n) Royalty advances to authors

Advances of royalties to authors are included within current receivables when the advance is paid less any provision required to adjust the advance to its net realisable value. The royalty advance is expensed at the contracted or effective royalty rate as the related revenues are earned.

### o) Provisions

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

### p) Financial instruments

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

#### Trade receivables

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



### **Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flows comprise cash in hand and at bank, other short-term deposits held by the Group, repayable on demand and overdrafts. Bank overdrafts are included in current liabilities in the statement of financial position.

### **Financial liabilities and equity**

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

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

### **Trade payables**

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

### **q) Operating leases**

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

### **r) Employee benefits**

#### **i) Defined contribution plans**

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

#### **ii) Defined benefit plans**

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

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

#### **iii) Termination benefits**

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

#### **iv) Share-based payment transactions**

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

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

Awards granted under the Group's Performance Share Plan are equity settled. Part 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 part 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.

# Notes to the Financial Statements

## Accounting Policies

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### s) Employee benefit trust

The Company operates an employee benefit trust and has de facto control of shares held by the trust and bears their benefits and risks. The Group considers the trust to be substantially under its control and so consolidates the financial information of the trust as stated in note 2f). 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 judgements

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

#### Revenue recognition

Certain contracts entered into by the Group may include: the licensing or outright sale of the Group's intellectual property; the provision of ongoing consultancy services; or a bundled combination of both.

The Group considers contractual terms and makes judgements in assessing when the triggers for revenue recognition have been met, particularly that the Group has sufficiently fulfilled its obligations under the contract to allow revenue to be recognised and the allocation of revenue between multiple deliverables.

#### Book returns

As books are returnable by customers, the Group makes a provision against books sold in the accounting period which is then carried forward and offset against trade receivables in the statement of financial position in anticipation of book returns received subsequent to the reporting period end. The provision is calculated by reference to historical returns rates and expected future returns.

#### Author advances

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

#### Inventory

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

#### Impairment reviews

IFRS require management to undertake an annual test for impairment of indefinite life assets and, for finite life assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Group currently undertakes an annual impairment test covering goodwill and other indefinite life assets and also reviews finite life assets to consider whether a full impairment review is required.

Intangible assets recoverability is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made. Note [11] details the assumptions used.



### 3. Segmental analysis

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

The analysis by segment is shown below:

<b>Year ended 29 February 2016</b>	<b>Adult £'000</b>	<b>Children's &amp; Educational £'000</b>	<b>Academic &amp; Professional £'000</b>	<b>Information £'000</b>	<b>Unallocated £'000</b>	<b>Total £'000</b>
External revenue	45,994	41,840	32,669	3,222	–	123,725
Cost of sales	(22,101)	(18,667)	(13,844)	(586)	–	(55,198)
<b>Gross profit</b>	<b>23,893</b>	<b>23,173</b>	<b>18,825</b>	<b>2,636</b>	–	<b>68,527</b>
Marketing and distribution costs	(7,118)	(5,942)	(3,922)	(83)	–	(17,065)
<b>Contribution before administrative expenses</b>	<b>16,775</b>	<b>17,231</b>	<b>14,903</b>	<b>2,553</b>	–	<b>51,462</b>
Administrative expenses excluding highlighted items	(14,108)	(11,194)	(11,720)	(1,325)	–	(38,347)
<b>Operating profit before highlighted items/segment result</b>	<b>2,667</b>	<b>6,037</b>	<b>3,183</b>	<b>1,228</b>	–	<b>13,115</b>
Amortisation of acquired intangible assets	(206)	(138)	(1,437)	(5)	–	(1,786)
Other highlighted items	–	–	–	–	(883)	(883)
<b>Operating profit/(loss)</b>	<b>2,461</b>	<b>5,899</b>	<b>1,746</b>	<b>1,223</b>	<b>(883)</b>	<b>10,446</b>
Finance income	–	–	–	–	27	27
Finance costs	–	–	–	–	(114)	(114)
<b>Profit/(loss) before taxation</b>	<b>2,461</b>	<b>5,899</b>	<b>1,746</b>	<b>1,223</b>	<b>(970)</b>	<b>10,359</b>
Taxation	–	–	–	–	(652)	(652)
<b>Profit/(loss) for the year</b>	<b>2,461</b>	<b>5,899</b>	<b>1,746</b>	<b>1,223</b>	<b>(1,622)</b>	<b>9,707</b>
<b>Operating profit before highlighted items/segment results</b>	<b>2,667</b>	<b>6,037</b>	<b>3,183</b>	<b>1,228</b>	–	<b>13,115</b>
Depreciation	260	169	207	30	–	666
Amortisation of internally generated intangibles	538	273	1,214	46	–	2,071
<b>EBITDA before highlighted items</b>	<b>3,465</b>	<b>6,479</b>	<b>4,604</b>	<b>1,304</b>	–	<b>15,852</b>

# Notes to the Financial Statements

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

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

## Total assets

	29 February 2016 £'000	28 February 2015 £'000
Adult	21,250	22,402
Children's & Educational	12,280	11,473
Academic & Professional	55,939	56,756
Information	203	384
Unallocated	86,962	80,467
<b>Total assets</b>	<b>176,634</b>	<b>171,482</b>

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



## External revenue by destination

Destination	Source				Total £'000
	United Kingdom £'000	North America £'000	Australia £'000	India £'000	
<b>Year ended 29 February 2016</b>					
United Kingdom (country of domicile)	56,943	3	–	–	56,946
North America	3,373	32,762	–	–	36,135
Continental Europe	9,254	332	–	–	9,586
Australasia	741	1,302	7,038	–	9,081
Middle East and Asia	4,935	188	–	1,917	7,040
Rest of the world	4,737	200	–	–	4,937
Overseas countries	23,040	34,784	7,038	1,917	66,779
<b>Total</b>	<b>79,983</b>	<b>34,787</b>	<b>7,038</b>	<b>1,917</b>	<b>123,725</b>

<b>Year ended 28 February 2015</b>					
United Kingdom (country of domicile)	53,815	–	–	–	53,815
North America	4,438	29,038	–	–	33,476
Continental Europe	8,897	1	–	–	8,898
Australasia	444	–	6,025	–	6,469
Middle East and Asia	3,555	–	–	1,589	5,144
Rest of the world	3,206	117	–	–	3,323
Overseas countries	20,540	29,156	6,025	1,589	57,310
<b>Total</b>	<b>74,355</b>	<b>29,156</b>	<b>6,025</b>	<b>1,589</b>	<b>111,125</b>

During the year sales to one customer exceeded 10% of Group revenue (2015: one customer). The value of these sales was £23,426,000 (2015: £21,111,000).

## External revenue by product type

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Print	98,111	85,301
Digital	15,022	11,748
Rights and services <sup>1</sup>	10,592	14,076
<b>Total</b>	<b>123,725</b>	<b>111,125</b>

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

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

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
United Kingdom (country of domicile)	62,877	61,837
North America	5,094	5,027
Other	60	55
<b>Total</b>	<b>68,031</b>	<b>66,919</b>

# Notes to the Financial Statements

## 4. Operating profit

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

	Note	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Purchase of goods and changes in inventories	15	37,404	30,705
Auditor's remuneration (see below)		195	245
Depreciation of property, plant and equipment	13	666	660
Operating leases		1,324	1,276
Loss on disposal of property, plant and equipment		1	8
Highlighted items (see below)		2,669	2,475
Advance provisions		2,565	3,567
Exchange gain		(37)	(134)
Staff costs (excluding redundancy costs)	5	25,844	24,134

### Highlighted items

	Note	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Legal and other professional fees		16	215
Restructuring costs		915	435
Other		(48)	–
<b>Other highlighted items</b>		<b>883</b>	<b>650</b>
Amortisation of acquired intangible assets	12	1,786	1,825
<b>Total highlighted items</b>		<b>2,669</b>	<b>2,475</b>

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

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

In 2015 legal and other professional costs of £215,000 were incurred primarily in relation to the acquisition of the Osprey Publishing group – see note 9.

Restructuring costs of £915,000 have been incurred as a result of the Group's acquisition activities and the restructuring of the Bloomsbury Information division (2015: £435,000 have been incurred as a result of the Group's acquisition activities and the One Global Bloomsbury strategic reorganisation).

The other credit of £48,000 is primarily the release of penalties and interest relating to a historic tax enquiry with HMRC.

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

	Year ended 29 February 2016			Year ended 28 February 2015		
	UK £'000	Overseas £'000	Total £'000	UK £'000	Overseas £'000	Total £'000
<b>Fees payable to the Company's Auditor for the audit of parent Company and consolidated financial statements</b>	<b>105</b>	<b>60</b>	<b>165</b>	125	60	185
<b>Fees payable to the Company's Auditor and its associates for other services:</b>						
Audit of the Company's subsidiaries pursuant to legislation	5	–	5	35	–	35
Other services pursuant to legislation:						
Interim review	25	–	25	25	–	25
<b>Total</b>	<b>135</b>	<b>60</b>	<b>195</b>	<b>185</b>	<b>60</b>	<b>245</b>



## 5. Staff costs

Staff costs, including Directors, during the year were:

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Salaries	22,805	21,163
Social security costs	1,744	1,683
Pension costs (see note 23)	808	792
Share-based payment charge (see note 22)	487	496
<b>Staff costs (excluding redundancy costs)</b>	<b>25,844</b>	<b>24,134</b>
Redundancy costs	563	353
<b>Total</b>	<b>26,407</b>	<b>24,487</b>

Redundancy costs are included as part of restructuring costs in highlighted items.

The average monthly number of employees during the year was:

	Number	Number
Editorial, production and selling	471	457
Finance and administration	114	93
<b>Total</b>	<b>585</b>	<b>550</b>

Staff costs are charged to administrative expenses.

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

Full details concerning individual Directors' remuneration are set out in the audited part of the Directors' Remuneration Report on pages 58 to 74. The total remuneration of the Directors was £1,508,000 (2015: £1,489,000).

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

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Short-term employee benefits	2,887	2,859
Post-employment benefits	266	183
Share-based payment charge	472	490
<b>Total</b>	<b>3,625</b>	<b>3,532</b>

## 6. Finance income and finance costs

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
<b>Finance income</b>		
Interest on bank deposits	9	13
Other interest receivable	1	13
Return on pension plan assets (see note 23)	17	20
<b>Total</b>	<b>27</b>	<b>46</b>
<b>Finance costs</b>		
Interest cost on pension obligations (see note 23)	24	26
Interest on bank overdraft and loans	86	61
Other interest payable	4	7
<b>Total</b>	<b>114</b>	<b>94</b>

# Notes to the Financial Statements

## 7. Taxation

### a) Tax charge for the year

	Notes	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
<b>Current taxation</b>			
UK corporation tax			
Current year		2,009	2,038
Adjustment in respect of prior years		(1,460)	279
Overseas taxation			
Current year		100	695
Adjustment in respect of prior years		(366)	(274)
		<b>283</b>	<b>2,738</b>
<b>Deferred tax</b>			
	14		
UK			
Origination and reversal of temporary differences		250	(671)
Adjustment in respect of prior years		73	–
Tax rate adjustment		(209)	–
Overseas			
Origination and reversal of temporary differences		398	(413)
Adjustment in respect of prior years		(143)	(798)
		<b>369</b>	<b>(1,882)</b>
<b>Total taxation expense</b>		<b>652</b>	<b>856</b>

### 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 20.08% (2015: 21.17%). The reasons for this are explained below:

	Year ended 29 February 2016		Year ended 28 February 2015	
	£'000	%	£'000	%
<b>Profit before taxation</b>	<b>10,359</b>	<b>100.00</b>	<b>9,604</b>	<b>100.00</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.08% (2015: 21.17%)	2,080	20.08	2,033	21.17
<b>Effects of:</b>				
Non-deductible revenue expenditure	279	2.69	23	0.24
Non-qualifying depreciation	15	0.14	18	0.19
Movement in unrecognised temporary differences	99	0.96	38	0.40
Different rates of tax in foreign jurisdictions	519	5.01	71	0.74
Tax losses utilised	(216)	(2.09)	(583)	(6.08)
Movement in deferred tax rate	(209)	(2.02)	–	–
<b>Adjustment to tax charge in respect of prior years</b>				
Current tax – utilisation of previously unrecognised Bloomsbury Verlag losses in the UK	(543)	(5.24)	–	–
Current tax – other	(1,070)	(10.32)	5	0.05
Deferred tax	(70)	(0.68)	(795)	(8.27)
Tax charge for the year before disallowable costs on highlighted items	<b>884</b>	<b>8.53</b>	<b>810</b>	<b>8.44</b>
<b>Highlighted items:</b>				
Disallowable costs incurred on acquisitions	5	0.05	46	0.48
Disallowable credits	(24)	(0.23)	–	–
Release of Bloomsbury Verlag tax provision	(213)	(2.06)	–	–
<b>Tax charge for the year</b>	<b>652</b>	<b>6.29</b>	<b>856</b>	<b>8.92</b>



In 2016 the £1,070,000 current tax adjustment in respect of prior years relates to the carry back of double taxation relief to prior years and an adjustment to align the prior year Group tax charge with recently submitted tax returns, particularly for the US entities.

Subsequent to the successful First-Tier Tribunal decision on Bloomsbury Verlag, a prior year adjustment of £543,000 has been recognised for the utilisation of previously unrecognised losses. Linked to this successful decision there was a release of a £213,000 tax provision in respect of prior years. This went through highlighted items in prior years and thus has been released in the same place.

In 2015 the £795,000 deferred tax adjustment in respect of prior years relates to increased certainty over the recoverability of provision temporary differences in the US.

There are no significant unprovided exposures remaining.

### c) Factors affecting tax charge for future years

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was announced in the budget on 16 March 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 29 February 2016 has been calculated based on the substantively enacted rates.

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

	Before tax 2016 £'000	Tax charge 2016 £'000	After tax 2016 £'000	Before tax 2015 £'000	Tax charge 2015 £'000	After tax 2015 £'000
Exchange difference on translating foreign operations	3,214	–	3,214	1,954	–	1,954
Remeasurements on the defined benefit pension scheme	(29)	5	(24)	(106)	–	(106)
<b>Other comprehensive income</b>	<b>3,185</b>	<b>5</b>	<b>3,190</b>	<b>1,848</b>	<b>–</b>	<b>1,848</b>

## 8. Dividends

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
<b>Amounts paid in the year</b>		
Prior period final 5.08p dividend per share (2015: 4.84p)	3,797	3,531
Interim 1.06p dividend per share (2015: 1.02p)	793	745
<b>Total dividend payments in the year</b>	<b>4,590</b>	<b>4,276</b>
<b>Amounts arising in respect of the year</b>		
Interim 1.06p dividend per share for the year (2015: 1.02p)	793	745
Proposed 5.34p final dividend per share for the year (2015: 5.08p)	4,009	3,797
<b>Total dividend 6.40p per share for the year (2015: 6.10p)</b>	<b>4,802</b>	<b>4,542</b>

The Directors are recommending a final dividend of 5.34 pence per share, which, subject to Shareholder approval at the Annual General Meeting, will be paid on 21 September 2016 to Shareholders on the register at close of business on 26 August 2016.

## 9. Acquisitions

### Prior year acquisition

#### Osprey Publishing Group

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

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

The table below summarises the fair values to the Group included in the consolidated financial statements of the major categories of assets and liabilities of Osprey at the date of acquisition. As a result of a final review of the acquired balance sheet, goodwill has increased by £235,000 and net assets decreased by the corresponding amount.

# Notes to the Financial Statements

	Total fair value to the Group £'000
<b>Net assets acquired</b>	
Identifiable intangible assets	1,583
Property, plant and equipment	43
Inventories	1,757
Trade and other receivables	1,438
Cash and cash equivalents	287
Deferred tax liability	(234)
Payables and provisions	(2,044)
<b>Total net assets acquired</b>	<b>2,830</b>
Goodwill	1,816
<b>Total</b>	<b>4,646</b>
Satisfied by:	
Cash consideration	3,250
Share consideration	1,396
<b>Total consideration</b>	<b>4,646</b>

Identifiable intangible assets of £1,583,000 consist of publishing rights of £719,000, imprint of £782,000, customer relationships of £74,000 and software of £8,000. The publishing rights and customer relationships have a useful life of 12 years and imprint 20 years. The goodwill arising of £1,816,000 is attributable to the expected profitability of the acquired business and the synergies expected to arise after the acquisition.

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

Transaction costs of £210,000 have been expensed in the prior year within administrative expenses (highlighted items).

From 23 December 2014 to 28 February 2015 revenue of £1,195,000 and profit before tax attributable to owners of the Company of £26,000 has been included in the consolidated income statement in relation to Osprey.

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

## 10. Earnings per share

The basic earnings per share for the year ended 29 February 2016 is calculated using a weighted average number of Ordinary shares in issue of 74,807,436 (2015: 73,250,139) after deducting shares held by the Employee Benefit Trust.

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

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Weighted average shares in issue	74,807,436	73,250,139
Dilution	245,115	262,644
<b>Diluted weighted average shares in issue</b>	<b>75,052,551</b>	<b>73,512,783</b>



	£'000	£'000
Profit after tax attributable to owners of the Company	9,707	8,748
Basic earnings per share	12.98p	11.94p
Diluted earnings per share	12.93p	11.90p
	£'000	£'000
Adjusted profit attributable to owners of the Company	11,440	10,826
Adjusted basic earnings per share	15.29p	14.78p
Adjusted diluted earnings per share	15.24p	14.73p

Adjusted profit is derived as follows:

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Profit before taxation	10,359	9,604
Amortisation of acquired intangible assets	1,786	1,825
Other highlighted items	883	650
<b>Adjusted profit before tax</b>	<b>13,028</b>	<b>12,079</b>
Tax expense	652	856
Deferred tax movements on goodwill and acquired intangible assets	527	305
Tax expense on other highlighted items	409	92
<b>Adjusted tax</b>	<b>1,588</b>	<b>1,253</b>
<b>Adjusted profit</b>	<b>11,440</b>	<b>10,826</b>

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

## 11. Goodwill

	29 February 2016 £'000	28 February 2015 £'000
<b>Cost</b>		
At start of year	45,764	43,764
Acquisitions	235	1,670
Revision of cost	(23)	62
Exchange differences	376	268
<b>At end of year</b>	<b>46,352</b>	<b>45,764</b>
<b>Impairment</b>		
At start of year	4,256	4,253
Exchange differences	4	3
<b>At end of year</b>	<b>4,260</b>	<b>4,256</b>
<b>Net book value</b>		
<b>At end of year</b>	<b>42,092</b>	<b>41,508</b>
At start of year	41,508	39,511

# Notes to the Financial Statements

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

Acquisitions relate to finalisation of fair values on the Osprey Publishing acquisition; see note 9 for further information. The revision of cost relates to the deferred consideration on the Oxford International Publishers Limited acquisition.

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

	29 February 2016 £'000	28 February 2015 £'000
Adult	7,114	6,676
Children's & Educational	5,275	4,693
Academic & Professional	29,703	30,139
<b>Total</b>	<b>42,092</b>	<b>41,508</b>

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

The key assumptions for calculating value in use are:

	Discount rates		Revenue growth		Long-term growth	
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	29 February 2016 £'000	28 February 2015 £'000	29 February 2016 £'000	28 February 2015 £'000	29 February 2016 £'000	28 February 2015 £'000
Adult	7.8	7.0	(0.4)–0.5	(0.6)–0.5	2.4	2.5
Children's & Educational	9.0	8.2	7.2–8.5	5.3–7.0	2.4	2.5
Academic & Professional	8.0	7.0	1.6–5.3	4.7–5.8	2.4	2.5

## Discount rates

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

## Revenue growth rates

Growth rates have been calculated based on those applied to the Board approved budget for the year ended 29 February 2016 and five-year plan. They incorporate future expectations of growth in backlist revenues and identified new revenue streams.

## Long-term growth rates

The five-year forecasts are extrapolated to perpetuity on the basis that the relevant CGUs are long established business units. The long-term growth rates is a blended rate formed from the territory-specific long-term growth rates.

## 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.



## 12. Other intangible assets

	Publishing rights £'000	Trademarks £'000	Imprints £'000	Subscriber and customer relationships £'000	Systems development £'000	Product development £'000	Assets under construction £'000	Total £'000
<b>Cost</b>								
At 28 February 2014	14,749	108	4,296	4,329	2,901	2,804	620	29,807
Acquisitions	719	–	782	74	8	–	–	1,583
Additions	145	25	86	–	855	1,034	1,215	3,360
Transfers	–	–	–	–	–	949	(949)	–
Disposals	–	–	–	(652)	–	–	–	(652)
Exchange differences	110	9	–	20	18	2	–	159
<b>At 28 February 2015</b>	<b>15,723</b>	<b>142</b>	<b>5,164</b>	<b>3,771</b>	<b>3,782</b>	<b>4,789</b>	<b>886</b>	<b>34,257</b>
Additions	–	11	626	668	781	935	850	3,871
Transfers	–	–	–	–	–	289	(289)	–
Disposals	–	–	–	(74)	(3)	(276)	–	(353)
Exchange differences	154	13	–	28	27	12	–	234
<b>At 29 February 2016</b>	<b>15,877</b>	<b>166</b>	<b>5,790</b>	<b>4,393</b>	<b>4,587</b>	<b>5,749</b>	<b>1,447</b>	<b>38,009</b>
<b>Amortisation</b>								
At 28 February 2014	4,416	–	635	1,431	1,075	940	–	8,497
Charge for the year	1,266	–	192	367	630	804	–	3,259
Disposals	–	–	–	(130)	–	–	–	(130)
Exchange differences	47	–	–	3	3	–	–	53
<b>At 28 February 2015</b>	<b>5,729</b>	<b>–</b>	<b>827</b>	<b>1,671</b>	<b>1,708</b>	<b>1,744</b>	<b>–</b>	<b>11,679</b>
Charge for the year	1,252	–	234	300	767	1,304	–	3,857
Disposals	–	–	–	(7)	(2)	(75)	–	(84)
Exchange differences	75	–	–	7	7	3	–	92
<b>At 29 February 2016</b>	<b>7,056</b>	<b>–</b>	<b>1,061</b>	<b>1,971</b>	<b>2,480</b>	<b>2,976</b>	<b>–</b>	<b>15,544</b>
<b>Net book value</b>								
<b>At 29 February 2016</b>	<b>8,821</b>	<b>166</b>	<b>4,729</b>	<b>2,422</b>	<b>2,107</b>	<b>2,773</b>	<b>1,447</b>	<b>22,465</b>
<b>At 28 February 2015</b>	<b>9,994</b>	<b>142</b>	<b>4,337</b>	<b>2,100</b>	<b>2,074</b>	<b>3,045</b>	<b>886</b>	<b>22,578</b>

### Family law titles

On 21 December 2015 the Group signed a sale and purchase agreement to acquire from RELX (UK) Limited certain LexisNexis and Jordan family law publishing assets as a pre-condition of the Competition and Markets Authority ("CMA") approval of the purchase of Jordan Publishing Limited by RELX (UK) Limited. The clearance from the CMA was obtained on 22 January 2016, at which point the completion of the acquisition took place for a total consideration of £1,400,000. Intangible assets of £1,294,000 were recognised on acquisition. The intangible assets consist of customer relationships of £668,000 and imprint of £626,000. The customer relationships have a useful life of ten years, and the imprint a useful life of 20 years.

### Conway

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

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

# Notes to the Financial Statements

## 13. Property, plant and equipment

	Short leasehold improvements £'000	Furniture and fittings £'000	Computers and other office equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 28 February 2014	2,723	743	1,830	155	5,451
Acquisitions	–	7	36	–	43
Additions	39	25	210	–	274
Disposals	–	(1)	(54)	(30)	(85)
Exchange differences	9	28	21	3	61
<b>At 28 February 2015</b>	<b>2,771</b>	<b>802</b>	<b>2,043</b>	<b>128</b>	<b>5,744</b>
Additions	13	13	228	–	254
Disposals	(8)	(15)	(45)	–	(68)
Exchange differences	13	40	31	–	84
<b>At 29 February 2016</b>	<b>2,789</b>	<b>840</b>	<b>2,257</b>	<b>128</b>	<b>6,014</b>
<b>Depreciation</b>					
At 28 February 2014	667	299	1,216	124	2,306
Disposals	–	(1)	(50)	(21)	(72)
Charge for the year	294	81	278	7	660
Exchange differences	2	6	8	1	17
<b>At 28 February 2015</b>	<b>963</b>	<b>385</b>	<b>1,452</b>	<b>111</b>	<b>2,911</b>
Disposals	(7)	(15)	(44)	–	(66)
Charge for the year	285	88	287	6	666
Exchange differences	4	14	22	–	40
<b>At 29 February 2016</b>	<b>1,245</b>	<b>472</b>	<b>1,717</b>	<b>117</b>	<b>3,551</b>
<b>Net book value</b>					
<b>At 29 February 2016</b>	<b>1,544</b>	<b>368</b>	<b>540</b>	<b>11</b>	<b>2,463</b>
At 28 February 2015	1,808	417	591	17	2,833

The depreciation charge is included in administrative expenses.



## 14. Deferred tax assets and liabilities

### a) Recognised deferred tax assets and liabilities

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

Movement in temporary differences during the year:

	Tax losses £'000	Property, plant and equipment £'000	Retirement benefit obligation £'000	Share-based payments £'000	Intangible assets £'000	Other £'000	Total £'000
At 28 February 2014	925	(119)	41	347	(2,997)	721	(1,082)
Recognised on acquisition	31	50	–	–	(315)	–	(234)
Credit/(charge) to the income statement	100	74	25	(77)	305	1,455	1,882
Charge to equity	–	–	–	(118)	–	–	(118)
Exchange differences	22	–	–	–	–	18	40
<b>At 28 February 2015</b>	<b>1,078</b>	<b>5</b>	<b>66</b>	<b>152</b>	<b>(3,007)</b>	<b>2,194</b>	<b>488</b>
(Charge)/credit to the income statement	(569)	(51)	(13)	(6)	527	(257)	(369)
Credit/(charge) to equity	–	–	5	(24)	–	–	(19)
Exchange differences	–	–	–	–	–	213	213
<b>At 29 February 2016</b>	<b>509</b>	<b>(46)</b>	<b>58</b>	<b>122</b>	<b>(2,480)</b>	<b>2,150</b>	<b>313</b>

Deferred tax assets in respect of losses are only recognised to the extent that it is anticipated they will be utilised in the foreseeable future. The significant credit to the income statement in 2015 primarily relates to increased certainty over the recoverability of provision temporary differences in the US and recoverability of trading losses in the UK.

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

	29 February 2016 £'000	28 February 2015 £'000
Deferred tax assets	2,988	3,607
Deferred tax liabilities	(2,675)	(3,119)
<b>Total</b>	<b>313</b>	<b>488</b>

### c) Unrecognised deferred tax assets

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

	29 February 2016 £'000	28 February 2015 £'000
Non-trading losses	271	465

At 29 February 2016 the Group had non-trading losses of approximately £1.5 million (2015: 2.3 million). A deferred tax asset has not been recognised in respect of non-trading losses carried forward as it is not clear whether sufficient non-trading income against which the losses may be offset will arise in the Group in the foreseeable future.

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

# Notes to the Financial Statements

## 15. Inventories

	29 February 2016 £'000	28 February 2015 £'000
Work in progress	6,390	8,446
Finished goods for resale	21,208	20,789
<b>Total</b>	<b>27,598</b>	<b>29,235</b>

The cost of inventories recognised as cost of sales amounted to £29,707,000 (2015: £24,111,000). The provision and write down of inventories to net realisable value recognised in cost of sales amounted to £7,697,000 (2015: £6,594,000).

## 16. Trade and other receivables

	29 February 2016 £'000	28 February 2015 £'000
<b>Non-current</b>		
Prepayments and accrued income	1,011	–
<b>Current</b>		
Gross trade receivables	45,476	38,489
Less: provision for impairment of receivables	(432)	(627)
Less: provision for returns	(5,800)	(6,057)
Net trade receivables	39,244	31,805
Income tax recoverable	850	4
Other receivables	1,354	2,637
Prepayments and accrued income	7,784	5,905
Royalty advances	22,229	21,349
<b>Total current receivables</b>	<b>71,461</b>	<b>61,700</b>
<b>Total trade and other receivables</b>	<b>72,472</b>	<b>61,700</b>

Royalty advances have been separated out from prepayments and accrued income to enable a user to get a better understanding of the business. A provision is held against gross advances payable in respect of published titles advances which may not be fully earned down by anticipated future sales. As at 29 February 2016 £5,530,000 (2015: £5,154,000) of royalty advances are expected to be recovered after more than 12 months.

Trade receivables principally comprise amounts receivable from the sale of books due from distributors. The majority of trade debtors are secured by credit insurance and in certain territories by third party distributors. A provision for the return of books by customers is made with reference to the historic rate of returns.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values. The Group's exposure to credit and currency risks is disclosed in note 24. 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 116 days (2015: 104 days).

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:

	29 February 2016 £'000	28 February 2015 £'000
At start of year	627	498
Amounts created	353	305
Amounts utilised	(438)	(222)
Amounts released	(110)	–
Assumed in a business combination	–	46
Exchange adjustments	–	–
<b>At end of year</b>	<b>432</b>	<b>627</b>



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:

	29 February 2016 £'000	28 February 2015 £'000
At start of year	6,057	4,749
Amounts created	13,339	15,507
Amounts utilised	(13,889)	(14,722)
Amounts released	(101)	(124)
Assumed in a business combination	–	386
Exchange adjustments	394	261
<b>At end of year</b>	<b>5,800</b>	<b>6,057</b>

If actual returns were 10% higher/lower in the year the revenue would have been £1.4 million lower/higher.

## 17. Cash and cash equivalents

	29 February 2016 £'000	28 February 2015 £'000
Cash at bank and in hand	6,556	10,021
<b>Cash and cash equivalents as presented in the statement of financial position</b>	<b>6,556</b>	<b>10,021</b>
Bank overdraft	(1,390)	–
<b>Cash and cash equivalents as presented in the statement of cash flows</b>	<b>5,166</b>	<b>10,021</b>

## 18. Trade and other payables

	29 February 2016 £'000	28 February 2015 £'000
<b>Non-current</b>		
Other payables	871	886
<b>Current</b>		
Trade payables	20,374	18,684
Taxation and social security	862	582
Other payables	2,590	1,504
Accruals	12,935	15,476
Deferred income	1,674	1,004
<b>Total current trade and other payables</b>	<b>38,435</b>	<b>37,250</b>
<b>Total trade and other payables</b>	<b>39,306</b>	<b>38,136</b>

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.

# Notes to the Financial Statements

## 19. Loans and borrowing

	29 February 2016 £'000	28 February 2015 £'000
<b>Current</b>		
Unsecured bank loans	–	2,500

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in note 24.

## 20. Provisions

	Property £'000	Contingent consideration £'000	Total £'000
At 1 March 2015	66	439	505
Transfers	–	(439)	(439)
<b>At 29 February 2016</b>	<b>66</b>	<b>–</b>	<b>66</b>
Non-current	43	–	43
Current	23	–	23

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

The Oxford International Publishers Limited (t/a Berg Publishers) acquisition contingent consideration of £439,000 has been transferred to other payables in the year as payment of the consideration is now certain.

## 21. Share capital and other reserves

### Share capital

	29 February 2016 £'000	28 February 2015 £'000
<b>Authorised:</b>		
98,459,604 Ordinary shares of 1.25p each (2015: 98,459,604 Ordinary shares of 1.25p each)	1,231	1,231
<b>Allotted, called up and fully paid:</b>		
75,081,177 Ordinary shares of 1.25p each (2015: 75,003,734 Ordinary shares of 1.25p each)	939	938

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 2,452,805 (2015: 2,371,666) Ordinary shares with an aggregate nominal value of £30,660 (2015: £29,646) (note 22).

The increase in share capital in the year relates to Ordinary shares issued to satisfy share options exercised in the year.

### Translation reserve

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

### Merger reserve

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

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



### 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.

### 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 22) and plans of the Company. All employees of the Group are potential beneficiaries of the EBT. The results and net assets of the EBT are included in the consolidated financial statements of the Group.

During the year ended 29 February 2016 159,338 shares held by the EBT were used to satisfy share option exercises under the Bloomsbury Performance Share Plan (see note 22). 18,424 EBT shares were used to satisfy the dividends due on the vested shares exercised. 84,739 EBT shares were used to satisfy share option exercises under the Bloomsbury Sharesave Plan (see note 22).

The market value of the 5,792 shares of the Company held at 29 February 2016 (2015: 268,293) in the EBT was £9,000 (2015: £397,000). 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 5% of the issued share capital without prior approval of the Shareholders.

As at the date of signing this Annual Report, the Trust held 500,269 Ordinary shares of 1.25 pence being approximately 0.7% 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.

## 22. 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:

	29 February 2016 £'000	28 February 2015 £'000
Equity-settled share-based transactions	442	404
Cash-settled share-based transactions	45	92
<b>Total</b>	<b>487</b>	<b>496</b>

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 29 February 2016 of £15,000 (2015: £58,000), of which none related to vested options.

# Notes to the Financial Statements

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

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

The vesting period is three years and the level of vesting is subject to the achievement of Earnings Per Share ("EPS") and Total Shareholder Return ("TSR") performance conditions. For details of the performance conditions see the Directors' Remuneration Report on pages 58 to 74. 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.

	2016 Number	2015 Number
Outstanding at start of year	2,168,102	2,362,717
Granted during the year	779,934	739,611
Exercised during the year	(228,755)	(723,086)
Lapsed during the year	(684,185)	(211,140)
<b>Outstanding at end of year</b>	<b>2,035,096</b>	<b>2,168,102</b>
<b>Exercisable at end of year</b>	<b>–</b>	<b>–</b>
	<b>2016</b>	<b>2015</b>
Range of exercise price of outstanding awards (pence)	–	–
Weighted average remaining contracted life (months)	21	21
Expense recognised for the year (£ '000)	456	483

The share awards granted in the year to 29 February 2016 have been measured by New Bridge Street Consultants. The TSR element has been measured using the Stochastic model and the EPS element has been measured using the Black-Scholes model. The inputs were:

Performance condition	Earnings Per Share	Total Shareholder Return
Share price	162.0 pence	162.0 pence
Exercise price	–	–
Expected term	3 years	3 years
Expected volatility	n/a	22.1%
Risk-free interest rate	n/a	0.8%
Fair value charge per award	162.0 pence	91.27 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 SmallCap Index (excluding Investment Trusts) over a three-year period from the date of grant. A median ranking results in 25% of shares subject to this performance condition vesting, rising to 100% for an upper-quartile ranking. The TSR condition is calculated at the date of grant using the Stochastic model and discounted back to the present value using the risk-free rate of return.



### b) Bloomsbury Sharesave Plan 2005

The Group operates an HM Revenue and Customs approved savings-related share option scheme under which employees are granted options to purchase Ordinary shares in the Company in three years' time, dependent upon their entering into a contract to make monthly contributions to a savings account over the period of the savings term. The Sharesave Plan is open to all UK employees.

	Sharesave options 2016 Number	Weighted average exercise price 2016 Pence	Sharesave options 2015 Number	Weighted average exercise price 2015 Pence
Outstanding at start of year	103,858	98	259,360	98
Granted during the year	210,518	142	–	–
Exercised during the year	(84,739)	98	(137,771)	98
Lapsed during the year	(21,465)	98	(17,731)	98
<b>Outstanding at end of year</b>	<b>208,172</b>	<b>141</b>	<b>103,858</b>	<b>98</b>
<b>Exercisable at end of year</b>	<b>5,523</b>	<b>98</b>	<b>5,146</b>	<b>98</b>
			2016	2015
Range of exercise price of outstanding options (pence)			97.75–141.8	97.75–98.18
Weighted average remaining contracted life (months)			35	12
Expense recognised for the year (£'000)			9	12

### c) The Bloomsbury Company Share Option Plan 2014 ("the CSOP")

The Group operates the CSOP for senior employees. During the year awards under the scheme were granted at an option price per share of 159 pence. The option price is based on the closing mid-market price of a share on 12 July 2015.

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

	2016 Number	Weighted average exercise price 2016 Pence	2015 Number	Weighted average exercise price 2015 Pence
Outstanding at the start of year	99,706	160	–	–
Granted during the year	128,581	159	99,706	160
Lapsed during the year	(18,750)	160	–	–
<b>Outstanding at end of year</b>	<b>209,537</b>	<b>159</b>	<b>99,706</b>	<b>160</b>
<b>Exercisable at end of year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
			2016	2015
Range of exercise price of outstanding awards (pence)			159–160	160
Weighted average remaining contracted life (months)			110	120
Expense recognised for the year (£'000)			22	1

The share awards granted in the year to 29 February 2016 have been measured by New Bridge Street Consultants. The Annualised EPS in excess of RPI element has been measured using the Black–Scholes model. The inputs were:

Performance condition	Annualised EPS
Share price	161.0 pence
Exercise price	159.0 pence
Expected term	6.5 years
Expected volatility	25.6%
Risk-free interest rate	1.7%
Fair value charge per award	26.60 pence

For the CSOP awards, volatility was calculated with reference to share price movements over the period prior to the grant date which is commensurate with the expected term.

# Notes to the Financial Statements

## 23. Retirement benefit obligations

### Pension costs

The pension costs charged to the income statement of £827,000 (2015: £798,000) 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 £808,000 (2015: £792,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. At 29 February 2016 there were no prepaid contributions (28 February 2015: 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 28 February 2015 and updated to 29 February 2016 by a qualified independent actuary.

Contributions are paid by the employer at the rate of £1,830 per month, plus expenses as and when required. Contributions paid to the scheme during the year were £45,000 (2015: £21,000). The Directors' best estimate of the contributions including administration expenses to be paid for in the year ending 28 February 2017 is £63,000. In addition, PPF levies and other administration expenses are payable by the Group as and when due.

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:

	29 February 2016	28 February 2015	28 February 2014
Discount rate	3.80%	3.40%	4.40%
Inflation assumption	2.10–3.10%	2.10–3.10%	2.50–3.40%

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

The mortality assumptions adopted at 29 February 2016 are 110% of the standard tables PNxA00, year of birth, no age rating for males and females, projected using Long Cohort underpinned by 1.00% p.a. These imply the following life expectancies:

	29 February 2016 Years	28 February 2015 Years
Male retiring in 2035	25.7	25.6
Female retiring in 2035	28.0	28.0
Male retiring in 2015	23.7	23.6
Female retiring in 2015	26.2	26.1

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

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Interest cost	(24)	(26)
Return on pension plan assets	17	20
Expenses	(12)	(12)
<b>Total</b>	<b>(19)</b>	<b>(18)</b>

A charge of £24,000 (2015: £26,000) has been included in finance costs and a credit of £17,000 (2015: £20,000) has been included in finance income.



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

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Return on pension plan assets	4	1
Experience gains and losses arising on the defined benefit obligation – (loss)/gain	(88)	5
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	55	(112)
<b>Total</b>	<b>(29)</b>	<b>(106)</b>

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:

	29 February 2016 £'000	28 February 2015 £'000
Fair value of assets (with profit policy)	540	486
Present value of defined benefit obligations	(770)	(713)
Deficit in scheme	(230)	(227)
Deferred tax assets	41	45
<b>Net liability to be recognised</b>	<b>(189)</b>	<b>(182)</b>

**Analysis for reporting purposes:**

Non-current liabilities	(230)	(227)
Deferred tax assets	41	45

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

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
At start of year	(713)	(588)
Expenses	(12)	(12)
Interest cost	(24)	(26)
Benefits paid and expenses	12	20
Remeasurement losses	(33)	(107)
<b>At end of year</b>	<b>(770)</b>	<b>(713)</b>

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

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
At start of year	486	464
Return on plan assets	17	20
Remeasurement gains	4	1
Employer contributions	45	21
Benefits paid and expenses	(12)	(20)
<b>At end of year</b>	<b>540</b>	<b>486</b>

The actual return on scheme assets was £21,000 (2015: gain of £21,000).

# Notes to the Financial Statements

## Assets:

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000	Year ended 28 February 2014 £'000
With profits	540	486	464
<b>Total assets</b>	<b>540</b>	<b>486</b>	<b>464</b>

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

## 24. 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 2015.

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 21.

### Categories of financial instruments

	Notes	29 February 2016 £'000	28 February 2015 £'000
<b>Loans and receivables</b>			
Cash and cash equivalents	17	6,556	10,021
Trade receivables	16	39,244	31,805
Accrued income		4,731	3,128
Rights income receivable		2,847	1,688
<b>Total loans and receivables</b>		<b>53,378</b>	<b>46,642</b>
<b>Financial liabilities measured at amortised cost</b>			
Trade payables	18	20,374	18,684
Overdrafts and current loans	17/19	1,390	2,500
Other payables due in less than one year		3,452	2,086
Other payables due in more than one year	18	871	886
Accruals	18	12,935	15,476
<b>Total financial liabilities measured at amortised cost</b>		<b>39,022</b>	<b>39,632</b>
<b>Financial liabilities measured at fair value</b>			
Contingent consideration	20	–	439
<b>Total financial liabilities measured at fair value</b>		<b>–</b>	<b>439</b>
<b>Net financial instruments</b>		<b>14,356</b>	<b>6,571</b>

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

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

### Financial risk management

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



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

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

#### a) Market risk

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

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

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by Group Treasury under policies approved by the Board of Directors. Group Treasury monitors the distribution of its cash assets so as to control exposure to the relative performance of any particular territory, currency or institution.

The Board provides written principles for overall risk management, as well as policies covering specific areas, such as funding, foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

#### (i) Interest rate risk

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

#### Interest rate profile of financial instruments

	29 February 2016 £'000	28 February 2015 £'000
<b>Fixed rate instruments</b>		
Financial assets	1,023	654
Financial liabilities	-	-
<b>Total</b>	<b>1,023</b>	<b>654</b>
<b>Variable rate instruments</b>		
Financial assets	5,533	9,367
Financial liabilities	(1,390)	(2,500)
<b>Total</b>	<b>4,143</b>	<b>6,867</b>

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.

#### Fair value sensitivity analysis for fixed rate financial instruments

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 29 February 2016 would not affect the income statement.

#### Cash flow sensitivity analysis for variable rate financial instruments

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.

	29 February 2016		28 February 2015	
	Profit or loss £'000	Equity £'000	Profit or loss £'000	Equity £'000
<b>Impact on profit or loss and equity</b>				
1% increase in base rate of interest (2015: 1%)	24	-	100	-
0.5% decrease in base rate of interest (2015: 0.5%)	(12)	-	(50)	-

# Notes to the Financial Statements

## (ii) Currency risk

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

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

	Loans and receivables		Financial liabilities	
	29 February 2016 £'000	28 February 2015 £'000	29 February 2016 £'000	28 February 2015 £'000
GBP	32,942	30,304	28,167	25,975
USD	14,413	11,672	5,677	9,857
EURO	785	1,071	494	562
AUD	3,926	2,433	4,439	3,433
INR	1,312	1,162	245	244
<b>Total</b>	<b>53,378</b>	<b>46,642</b>	<b>39,022</b>	<b>40,071</b>

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.

	29 February 2016 £'000	28 February 2015 £'000
<b>Impact on equity</b>		
10% weakening in US dollar against pound sterling (2015: 10%)	(581)	(164)
10% strengthening in US dollar against pound sterling (2015: 10%)	710	200
10% weakening in euro against pound sterling (2015: 10%)	–	(46)
10% strengthening in euro against pound sterling (2015: 10%)	–	57
10% weakening in AUS dollar against pound sterling (2015: 10%)	(51)	91
10% strengthening in AUS dollar against pound sterling (2015: 10%)	51	(111)
10% weakening in INR against pound sterling (2015: 10%)	(97)	(88)
10% strengthening in INR against pound sterling (2015: 10%)	119	102
<b>Impact on income statement</b>		
10% weakening in US dollar against pound sterling (2015: 10%)	(214)	(29)
10% strengthening in US dollar against pound sterling (2015: 10%)	261	36
10% weakening in euro against pound sterling (2015: 10%)	(27)	(46)
10% strengthening in euro against pound sterling (2015: 10%)	32	57
10% weakening in AUS dollar against pound sterling (2015: 10%)	–	–
10% strengthening in AUS dollar against pound sterling (2015: 10%)	–	–
10% weakening in INR against pound sterling (2015: 10%)	–	–
10% strengthening in INR against pound sterling (2015: 10%)	–	–



## b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and rights income receivables.

The carrying amount of financial assets represents the maximum credit exposure. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on trading experience and the current economic environment. An analysis of the relevant provisions is set out in note 16.

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

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

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

## c) Liquidity risk

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

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

The Group has an unsecured revolving credit facility with Lloyds Bank plc. At 29 February 2016 the Group had drawn down £1.4 million (2015: £2.5 million) of this facility with £14.1 million of undrawn borrowing facilities (2015: £13 million) available. The facilities comprised a £13.5 million committed revolving loan facility and £2.0 million overdraft.

In May 2016 Bloomsbury extended the revolving credit facility with Lloyds Bank plc under new terms. The existing facility expires in July 2016 and the new facility will take over from then for a further five years. The new facility comprises of a £10 million – £14 million committed revolving loan facility (amount dependent on time during the year to match Bloomsbury's cash flow cycle), an uncommitted incremental term loan facility of up to £6 million and a £2 million overdraft facility. The overdraft facility is available until December 2016. All facilities are 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.

## 25. Operating leases

At 29 February 2016 the Group had the following outstanding commitments under non-cancellable operating leases:

	29 February 2016 £'000	28 February 2015 £'000
Within one year	1,357	1,322
Later than one year and less than five years	5,926	5,529
After more than five years	2,409	3,394
<b>Total</b>	<b>9,692</b>	<b>10,245</b>

The operating leases represent rentals payable by the Group for certain office properties, vehicles and equipment. The lease at the headquarters in Bedford Square is for a period of 20 years from January 2010 with an option to break the lease at the tenth year. The operating leases over vehicles are in respect of company cars driven by certain employees. The operating leases over equipment are in respect of office equipment.

# Notes to the Financial Statements

## 26. Commitments and contingent liabilities

### a) Capital commitments

The Group has no capital commitments relating to property, plant and equipment at the year end (2015: no commitments).

### b) Other commitments

The Group is committed to paying royalty advances to authors in subsequent financial years. At 29 February 2016 this commitment amounted to £15,210,000 (2015: £14,315,000).

### c) Guarantees

The Company and certain of its subsidiaries have guarantees to Lloyds Bank plc in place relating to the Group's borrowing facilities – see note 24c.

## 27. Related party transactions

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

## 28. Post balance sheet events

In May 2016 Bloomsbury extended the revolving credit facility with Lloyds Bank plc under new terms. The existing facility expires in July 2016 and the new facility will take over from then for a further five years. The new facility comprises a £10 million – £14 million committed revolving loan facility (amount dependent on time during the year to match Bloomsbury's cash flow cycle), an uncommitted incremental term loan facility of up to £6 million and a £2 million overdraft facility. The overdraft facility is available until December 2016.

## 29. Investments in subsidiary companies

The principle subsidiary companies at 29 February 2016 are:

	Country of incorporation	Proportion of equity capital held	Nature of business during the year
<b>Subsidiary undertakings held directly by Bloomsbury Publishing Plc:</b>			
A & C Black Limited	England and Wales	100%	Intermediate holding company
Bloomsbury Publishing Inc	USA	100%	Publishing
Bloomsbury Information Limited	England and Wales	100%	Publishing
Bloomsbury Professional Limited	England and Wales	100%	Publishing
Bloomsbury Australia PTY Limited	Australia	100%	Publishing
The Continuum International Publishing Group Limited	England and Wales	100%	Publishing
Hart Publishing Limited	England and Wales	100%	Publishing
Osprey Publishing Limited	England and Wales	100%	Publishing
<b>Subsidiary undertakings held through a subsidiary company:</b>			
A & C Black Publishers Limited	England and Wales	100%	Publishing
Christopher Helm (Publishers) Limited	England and Wales	100%	Publishing
Oxford International Publishers Limited t/a Berg Publishers	England and Wales	100%	Publishing
Berg Fashion Library Limited	England and Wales	100%	Publishing
John Wisden and Company Limited	England and Wales	100%	Publishing
Shire Publications Limited	England and Wales	100%	Publishing
British Wildlife Publishing Limited	England and Wales	100%	Publishing
The Continuum International Publishing Group Inc	USA	100%	Publishing
Osprey Publishing Inc	USA	100%	Publishing
Bloomsbury Publishing India Private Limited	India	100%	Publishing

All subsidiary undertakings are included in the consolidation.



For the year ended 29 February 2016 the following subsidiary companies were entitled to exemption from audit under section 479A of the Companies Act 2006:

<b>Subsidiary name</b>	<b>Company number</b>
Bloomsbury Information Limited	06409758
Bloomsbury Professional Limited	05233465
The Continuum International Publishing Group Limited	03833148
A & C Black Publishers Limited	00189153
Christopher Helm (Publishers) Limited	01953639
Oxford International Publishers Limited t/a Berg Publishers	03143617
Berg Fashion Library Limited	05728582
John Wisden and Company Limited	00135590
Hart Publishing Limited	03307205
Osprey Publishing Limited	03471853
Shire Publications Limited	00868867
British Wildlife Publishing Limited	06810049

# Company Statement of Financial Position

As at 29 February 2016

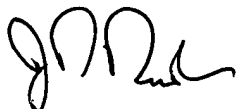
Company Number 1984336

	Notes	29 February 2016 £'000	28 February 2015 £'000
<b>Assets</b>			
Intangible assets	32	2,028	1,956
Property, plant and equipment	33	1,957	2,245
Investments in subsidiary companies	34	65,595	65,595
Deferred tax assets	35	46	73
Trade and other receivables	37	–	11,806
<b>Total non-current assets</b>		<b>69,626</b>	<b>81,675</b>
Inventories	36	4,555	3,908
Trade and other receivables	37	59,652	48,450
Cash and cash equivalents	38	1,152	6,139
<b>Total current assets</b>		<b>65,359</b>	<b>58,497</b>
<b>Total assets</b>		<b>134,985</b>	<b>140,172</b>
<b>Liabilities</b>			
Provisions	41	20	20
Other payables	39	871	886
<b>Total non-current liabilities</b>		<b>891</b>	<b>906</b>
Trade and other payables	39	46,637	50,656
Bank overdraft	38	1,390	–
Loans and borrowings	40	–	2,500
Current tax liabilities		292	698
<b>Total current liabilities</b>		<b>48,319</b>	<b>53,854</b>
<b>Total liabilities</b>		<b>49,210</b>	<b>54,760</b>
<b>Net assets</b>		<b>85,775</b>	<b>85,412</b>
<b>Equity</b>			
Share capital	42	939	938
Share premium		39,388	39,388
Other reserves	42	6,836	6,394
Retained earnings	42	38,612	38,692
<b>Total equity attributable to owners of the Company</b>		<b>85,775</b>	<b>85,412</b>

The Company financial statements were approved by the Board of Directors and authorised for issue on 13 June 2016.

**J N Newton**

Director



**W Pallot**

Director



# Company Statement of Changes in Equity

Attributable to the owners of the company



	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Retained earnings £'000	Total £'000
<b>At 28 February 2014</b>	924	39,388	–	22	4,582	40,844	85,760
Profit for the year and total comprehensive income for the year	–	–	–	–	–	2,130	2,130
<b>Transactions with owners</b>							
Shares issued in the year	14	–	1,386	–	–	(3)	1,397
Dividends to equity holders of the Company	–	–	–	–	–	(4,276)	(4,276)
Share options exercised	–	–	–	–	–	115	115
Deferred tax on share-based payment transactions	–	–	–	–	–	(118)	(118)
Share-based payment transactions	–	–	–	–	404	–	404
<b>Total transactions with owners of the Company</b>	<b>14</b>	<b>–</b>	<b>1,386</b>	<b>–</b>	<b>404</b>	<b>(4,282)</b>	<b>(2,478)</b>
<b>At 28 February 2015</b>	<b>938</b>	<b>39,388</b>	<b>1,386</b>	<b>22</b>	<b>4,986</b>	<b>38,692</b>	<b>85,412</b>
Profit for the year and total comprehensive income for the year	–	–	–	–	–	4,447	4,447
<b>Transactions with owners</b>							
Shares issued in the year	1	–	–	–	–	(1)	–
Dividends to equity holders of the Company	–	–	–	–	–	(4,590)	(4,590)
Share options exercised	–	–	–	–	–	88	88
Deferred tax on share-based payment transactions	–	–	–	–	–	(24)	(24)
Share-based payment transactions	–	–	–	–	442	–	442
<b>Total transactions with owners of the Company</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>442</b>	<b>(4,527)</b>	<b>(4,084)</b>
<b>At 29 February 2016</b>	<b>939</b>	<b>39,388</b>	<b>1,386</b>	<b>22</b>	<b>5,428</b>	<b>38,612</b>	<b>85,775</b>

# Company Statement of Cash Flows

For the year ended 29 February 2016

Notes	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
<b>Cash flows from operating activities</b>		
Profit before tax	4,653	3,012
Finance income	(70)	(55)
Finance costs	86	68
Operating profit	4,669	3,025
Adjustments for:		
Depreciation of property, plant and equipment	464	458
Amortisation of intangible assets	823	732
Share-based payment charges	158	174
	6,114	4,389
(Increase)/decrease in inventories	(647)	600
Decrease/(increase) in trade and other receivables	903	(4,161)
(Decrease)/increase in trade and other payables	(4,050)	8,903
<b>Cash generated from operations</b>	<b>2,320</b>	<b>9,731</b>
Income taxes paid	(608)	(1,197)
<b>Net cash generated from operating activities</b>	<b>1,712</b>	<b>8,534</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(176)	(209)
Purchase of businesses	–	(4,345)
Purchases of intangible assets	(895)	(1,252)
Interest received	70	55
<b>Net cash used in investing activities</b>	<b>(1,001)</b>	<b>(5,751)</b>
<b>Cash flows from financing activities</b>		
Equity dividends paid	(4,590)	(4,276)
Proceeds from exercise of share options	88	115
(Repayment)/drawdown of borrowings	(2,500)	2,500
Interest paid	(86)	(68)
<b>Net cash used in financing activities</b>	<b>(7,088)</b>	<b>(1,729)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,377)</b>	<b>1,054</b>
Cash and cash equivalents at beginning of year	6,139	5,085
<b>Cash and cash equivalents at end of year</b>	<b>38</b>	<b>(238)</b>

# Notes to the Company Financial Statements

## Company Accounting Policies



### 30. 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 131. The Company is primarily involved in the publication of books and other related services.

### 31. 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 at least until June 2017, being the period of the detailed going concern assessment reviewed by the Board.

The Company accounting policies are consistent with the Group policies set out in note 2 to the consolidated financial statements. Key additional policies are stated below.

#### b) Parent Company result

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 not to present the Company income statement or statement of comprehensive income. The Company's profit for the year was £4,447,000 (2015: £2,130,000).

#### c) Use of estimates and judgements

The preparation of the Company financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. Critical judgements and areas where the use of estimates is significant are disclosed in note 2v) for the Group and are applicable for the Company.

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

The following amendments and interpretations were introduced to accounting standards relevant to the Company during the year ended 29 February 2016. The table below summarises the impact of these changes to the Company:

Accounting standard	Description of change	Impact on financial statements
IAS 19 Employee Benefits	The amendment simplifies how to account for contributions that are made independently of the number of years of employee service.	The amendment has not had any impact on the Company.
Annual Improvements to IFRS 2010–2012 cycle	Amendments have been made to update and clarify various standards including IFRS 2 'Share-based Payment', IFRS 3 'Business Combinations', IFRS 8 'Operating Segments', IFRS 13 'Fair Value Measurement', IAS 16 'Property, Plant and Equipment', IAS 38 'Intangible Assets' and IAS 24 'Related Party Disclosures'.	The amendments made do not have an impact on the financial position or performance of the Company.
Annual Improvements to IFRS 2011–2013 cycle	Amendments have been made to update and clarify various standards including IFRS 1 'First-time Adoption of International Financial Reporting Standards', IFRS 3 'Business Combinations', IFRS 13 'Fair Value Measurement' and IAS 40 'Investment Property'.	The amendments made do not have an impact on the financial position or performance of the Company.

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

#### e) Investment in 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.

# Notes to the Company Financial Statements

## f) Share-based payments

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

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

Awards granted under the Company's Performance Share Plan are equity settled. Part 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 part of any award granted under the plan is subject to an Earnings Per Share performance condition. The fair value of this element of the awards is calculated using the Black-Scholes model.

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

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

## 32. Intangible assets

	Publishing rights £'000	Systems development £'000	Total £'000
<b>Cost</b>			
At 28 February 2014	660	2,715	3,375
Additions	–	819	819
At 28 February 2015	660	3,534	4,194
Additions	–	895	895
<b>At 29 February 2016</b>	<b>660</b>	<b>4,429</b>	<b>5,089</b>
<b>Amortisation</b>			
At 28 February 2014	440	1,066	1,506
Charge for the year	132	600	732
At 28 February 2015	572	1,666	2,238
Charge for the year	88	735	823
<b>At 29 February 2016</b>	<b>660</b>	<b>2,401</b>	<b>3,061</b>
<b>Net book value</b>			
<b>At 29 February 2016</b>	<b>–</b>	<b>2,028</b>	<b>2,028</b>
At 28 February 2015	88	1,868	1,956

The amortisation charge of £823,000 (2015: £732,000) was included in administrative expenses in the year.



### 33. Property, plant and equipment

	Short leasehold improvements £'000	Furniture and fittings £'000	Computers and other office equipment £'000	Total £'000
<b>Cost</b>				
At 28 February 2014	2,640	389	886	3,915
Additions	4	13	193	210
At 28 February 2015	2,644	402	1,079	4,125
Additions	4	8	164	176
<b>At 29 February 2016</b>	<b>2,648</b>	<b>410</b>	<b>1,243</b>	<b>4,301</b>
<b>Depreciation</b>				
At 28 February 2014	659	245	517	1,421
Charge for the year	272	31	156	459
At 28 February 2015	931	276	673	1,880
Charge for the year	272	28	164	464
<b>At 29 February 2016</b>	<b>1,203</b>	<b>304</b>	<b>837</b>	<b>2,344</b>
<b>Net book value</b>				
<b>At 29 February 2016</b>	<b>1,445</b>	<b>106</b>	<b>406</b>	<b>1,957</b>
At 28 February 2015	1,713	126	406	2,245

The depreciation charge of £464,000 (2015: £459,000) was included in administrative expenses.

### 34. Investment in subsidiary companies

	£'000
<b>Cost</b>	
At 28 February 2015 and 29 February 2016	75,037
<b>Impairment</b>	
At 28 February 2015 and 29 February 2016	9,442
<b>Net book value</b>	
At 29 February 2016	65,595
At 28 February 2015	65,595

# Notes to the Company Financial Statements

## 35. Deferred tax assets and liabilities

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

Movement in temporary differences during the year:

	Property, plant and equipment £'000	Retirement benefit obligation £'000	Share-based payments £'000	Total £'000
At 28 February 2014	(152)	15	347	210
Credit/(charge) to the income statement	53	5	(77)	(19)
Charge to equity	–	–	(118)	(118)
At 28 February 2015	(99)	20	152	73
Credit/(charge) to the income statement	6	(3)	(6)	(3)
Charge to equity	–	–	(24)	(24)
<b>At 29 February 2016</b>	<b>(93)</b>	<b>17</b>	<b>122</b>	<b>46</b>

The analysis for financial reporting purposes is as follows:

	29 February 2016 £'000	28 February 2015 £'000
Deferred tax assets	46	73
Deferred tax liabilities	–	–
<b>Total</b>	<b>46</b>	<b>73</b>

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.

## 36. Inventories

	29 February 2016 £'000	28 February 2015 £'000
Work in progress	1,362	710
Finished goods for resale	3,193	3,198
<b>Total</b>	<b>4,555</b>	<b>3,908</b>

The cost of inventories recognised as cost of sales amounted to £9,929,000 (2015: £7,667,000).

The provision and write down of inventories to net realisable value recognised in cost of sales amounted to £1,599,000 (2015: £1,201,000).

## 37. Trade and other receivables

	29 February 2016 £'000	28 February 2015 £'000
<b>Non-current</b>		
Amounts owed by Group undertakings	–	11,806
<b>Current</b>		
Gross trade receivables	26,693	23,710
Less provision for impairment of receivables	(401)	(592)
Less provision for returns	(1,493)	(2,219)
Net trade receivables	24,799	20,899
Amounts owed by Group undertakings	17,952	10,911
Other receivables	462	2,051
Prepayments and accrued income	4,266	3,000
Royalty advances	12,173	11,589
<b>Total current receivables</b>	<b>59,652</b>	<b>48,450</b>
<b>Total trade and other receivables</b>	<b>59,652</b>	<b>60,256</b>



The non-current amount owed by Group undertakings has been moved to current receivables as this loan is technically repayable on demand; however, there is no intention to demand repayment of the loan within the next twelve months.

Royalty advances have been separated out from prepayments and accrued income to enable a user to get a better understanding of the business. A provision is held against gross advances payable in respect of published titles advances which may not be fully earned down by anticipated future sales. As at 29 February 2016 £2,576,000 (2015: £2,594,000) of royalty advances are expected to be recovered after more than 12 months.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values. The Company's exposure to credit and currency risks is disclosed in note 44. 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 227 days (2015: 232 days).

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

	29 February 2016 £'000	28 February 2015 £'000
At start of year	592	479
Amounts created	353	323
Amounts released	(110)	–
Amounts utilised	(434)	(210)
<b>At end of year</b>	<b>401</b>	<b>592</b>

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

	29 February 2016 £'000	28 February 2015 £'000
At start of year	2,219	1,503
Amounts created	8,371	6,206
Amounts utilised	(9,097)	(5,490)
<b>At end of year</b>	<b>1,493</b>	<b>2,219</b>

If actual returns were 10% higher/lower in the year then revenue would have been £0.9 million lower/higher.

### 38. Cash and cash equivalents

	29 February 2016 £'000	28 February 2015 £'000
Cash at bank and in hand	1,152	6,139
<b>Cash and cash equivalents as presented in the statement of financial position</b>	<b>1,152</b>	<b>6,139</b>
Bank overdraft	(1,390)	–
<b>Cash and cash equivalents as presented in the statement of cash flows</b>	<b>(238)</b>	<b>6,139</b>

### 39. Trade and other payables

	29 February 2016 £'000	28 February 2015 £'000
<b>Non-current</b>		
Other payables	871	886
<b>Current</b>		
Trade payables	5,624	6,562
Amounts owed to Group undertakings	30,547	34,488
Taxation and social security	535	499
Other payables	1,295	1,040
Accruals and deferred income	8,636	8,067
<b>Total current trade and other payables</b>	<b>46,637</b>	<b>50,656</b>
<b>Total trade and other payables</b>	<b>47,508</b>	<b>51,542</b>

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

# Notes to the Company Financial Statements

## 40. Loans and borrowings

	29 February 2016 £'000	28 February 2015 £'000
<b>Current</b>		
Unsecured bank loans	–	2,500

Information about the Company's exposure to interest rate, foreign currency and liquidity risk is included in note 44.

## 41. Provisions

	Property £'000
At 1 March 2015	20
Utilised in the year	–
<b>At 29 February 2016</b>	<b>20</b>
Non-current	20
Current	–

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

## 42. Share capital and other reserves

For details of share capital, merger reserve, capital redemption reserve, share-based payment reserve and retained earnings see note 21 and the Company statement of changes in equity attributable to the owners of the Company. For details of the Company profit for the year see note 31b).

For details of dividends see note 8.

## 43. 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 22.

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

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Equity-settled share-based transactions	442	404
Cash-settled share-based transactions	45	92
<b>Total</b>	<b>487</b>	<b>496</b>

£329,000 (2015: £322,000) of this amount was recharged to subsidiaries of the Company.



#### 44. 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 24 to the consolidated financial statements.

##### Categories of financial instruments

	Notes	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
<b>Loans and receivables</b>			
Cash and cash equivalents	38	1,152	6,139
Amounts owed by Group undertakings	37	17,952	22,717
Trade receivables	37	24,799	20,899
Accrued income		902	690
Rights income receivable		2,689	1,690
<b>Total loans and receivables</b>		<b>47,494</b>	<b>52,135</b>
<b>Financial liabilities measured at amortised cost</b>			
Trade payables	39	5,624	6,562
Accruals		8,473	7,823
Other payables		1,830	1,539
Amounts owed to Group undertakings	39	30,547	34,488
Other payables due in more than one year	39	871	886
Overdrafts and current loans	38/40	1,390	2,500
<b>Total financial liabilities measured at amortised cost</b>		<b>48,735</b>	<b>53,798</b>
<b>Net financial instruments</b>		<b>(1,241)</b>	<b>(1,663)</b>
a) Market risk			
i) Interest rate risk			
<b>Interest rate profile of financial assets</b>			
		29 February 2016 £'000	28 February 2015 £'000
Variable rate financial assets		1,152	6,139

# Notes to the Company Financial Statements

## Interest rate sensitivity analysis

The Company derived the following sensitivities to assess the impact of changes in interest rates, based on the effect of the market volatility in the current climate and the previous 12 months. The analysis assumes all other variables remain constant.

	29 February 2016 £'000	28 February 2015 £'000
<b>Impact on profit and equity</b>		
1% increase in base rate of interest (2015: 1%)	(6)	61
0.5% decrease in base rate of interest (2015: 0.5%)	3	(31)

## ii) Currency risk

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

	Loan and receivables		Financial liabilities	
	29 February 2016 £'000	28 February 2015 £'000	29 February 2016 £'000	28 February 2015 £'000
GBP	44,591	49,289	46,510	51,744
USD	2,113	1,770	1,710	1,488
EURO	785	1,071	511	562
AUD	5	5	4	4
<b>Total</b>	<b>47,494</b>	<b>52,135</b>	<b>48,735</b>	<b>53,798</b>

## Foreign currency sensitivity analysis

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

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

	29 February 2016 £'000	28 February 2015 £'000
<b>Impact on profit or loss</b>		
10% weakening in US dollar against pound sterling (2015: 10%)	(37)	(26)
10% strengthening in US dollar against pound sterling (2015: 10%)	45	32
10% weakening in euro against pound sterling (2015: 10%)	(25)	(46)
10% strengthening in euro against pound sterling (2015: 10%)	30	57
10% weakening in AUS dollar against pound sterling (2015: 10%)	-	-
10% strengthening in AUS dollar against pound sterling (2015: 10%)	-	1

## b) Credit risk

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



### c) Liquidity risk

The Group has an unsecured revolving credit facility with Lloyds Bank plc. At 29 February 2016 the Group had drawn down £1.4 million (2015: £2.5 million) of this facility with £14.1 million of undrawn borrowing facilities (2015: £13 million) available. The facilities are comprised of a £13.5 million committed revolving loan facility and a £2 million overdraft.

In May 2016 Bloomsbury extended the revolving credit facility with Lloyds Bank plc under new terms. The existing facility expires in July 2016 and the new facility will take over from then for a further five years. The new facility comprises a £10 million–£14 million committed revolving loan facility (amount dependent on time during the year to match Bloomsbury's cash flow cycle), an uncommitted incremental term loan facility of up to £6 million and a £2 million overdraft facility. The overdraft facility is available until December 2016. All facilities are subject to two covenants being a maximum debt to EBITDA ratio and a minimum interest cover covenant.

## 45. Operating leases

At 29 February 2016 the Company had the following outstanding commitments under non-cancellable operating leases:

	29 February 2016 £'000	28 February 2015 £'000
Within one year	594	617
Later than one year and fewer than five years	2,274	2,373
After more than five years	–	494
<b>Total</b>	<b>2,868</b>	<b>3,484</b>

The operating leases represent rentals payable by the Company for certain office properties, vehicles and equipment; see note 25 for further details.

## 46. Commitments and contingent liabilities

### a) Capital commitments

The Group has no capital commitments relating to property, plant and equipment at the year end (2015: no commitments).

### b) Other commitments

The Company is committed to paying royalty advances in subsequent financial years. At 29 February 2016 this commitment amounted to £9,017,000 (2015: £9,175,000).

### c) Guarantees

The Company and certain of its subsidiaries have guarantees to Lloyds Bank plc in place relating to the Group's borrowing facilities; see note 44c).

The Company has guaranteed the liabilities of certain of its UK subsidiaries, being those listed in note 29, to enable them to take the audit exemption under section 479A of the Companies Act 2006.

## 47. Related parties

### Trading transactions

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

	29 February 2016 £'000	28 February 2015 £'000
Sale of goods to subsidiaries	4,200	3,907
Management recharges	7,642	8,974
Commission payable to subsidiaries	1	–
Finance income from subsidiaries	68	51
Amounts owed by subsidiaries at year end	17,952	22,717
Amounts owed to subsidiaries at year end	30,547	34,488

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.

## 48. Post balance sheet events

See note 28 for post balance sheet events impacting the Company.

# Five Year Financial Summary

	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000
<b>Revenue</b>					
Continuing	97,399	98,479	109,496	111,125	<b>123,725</b>
Discontinued	5,818	–	–	–	–
<b>Total</b>	<b>103,217</b>	<b>98,479</b>	<b>109,496</b>	<b>111,125</b>	<b>123,725</b>
<b>Adjusted profit†</b>					
Continuing	11,876	11,806	11,954	12,079	<b>13,028</b>
Discontinued	(2,692)	–	–	–	–
<b>Total</b>	<b>9,184</b>	<b>11,806</b>	<b>11,954</b>	<b>12,079</b>	<b>13,028</b>
<b>Continuing adjusted diluted EPS‡</b>	12.95p	12.17p	12.80p	14.73p	<b>15.24p</b>
<b>Dividend per share</b>	5.20p	5.50p	5.82p	6.10p	<b>6.40p</b>
<b>Net assets</b>	109,180	114,808	116,036	124,154	<b>132,967</b>
<b>Net cash</b>	12,639	14,625	10,037	10,021	<b>5,166</b>

Continuing revenue  
£m

Continuing adjusted  
profit†  
£m

Continuing adjusted  
diluted EPS‡  
pence

Dividend per share  
pence

† Adjusted profit is profit before taxation, amortisation of acquired intangible assets, impairment of goodwill and other highlighted items. 2014 and earlier has been restated to add back internally generated intangible asset amortisation to continuing adjusted profit.

‡ Continuing adjusted diluted EPS is calculated from continuing adjusted profit with tax on continuing adjusted profit deducted. Again 2014 and earlier has been restated to reflect the change in treatment of internally generated intangible asset amortisation.

# Company Information



<b>Chairman</b>	Sir Anthony Salz – Non-Executive Chairman
<b>Executive Directors</b>	Nigel Newton – Founder and Chief Executive Richard Charkin – Executive Director Wendy Pallot – Finance Director Jonathan Glasspool – Executive Director
<b>Independent Non-Executive Directors</b>	John Warren – Senior Independent Director Jill Jones Stephen Page
<b>Company Secretary</b>	Michael Daykin FCIS, FCA
<b>Registered Office</b>	50 Bedford Square London WC1B 3DP +44 (0) 20 7631 5600
<b>Registered number</b>	01984336 (England & Wales)
<b>Auditor</b>	KPMG LLP 15 Canada Square London E14 5GL
<b>Bankers</b>	Lloyds Bank 25 Gresham Street London EC2V 7HN
<b>Stockbrokers and Financial Advisers</b>	Investec Investment Banking 2 Gresham Street London EC2V 7QP
<b>Registrars</b>	Capita Asset Services 40 Dukes Place London EC3A 7NH

# Explanation of the Annual General Meeting

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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 2016 Annual General Meeting ("AGM") of Bloomsbury Publishing Plc (the "Company") is to be held at 50 Bedford Square, London WC1B 3DP on Tuesday 19 July 2016 at 12 noon. The formal notice convening the AGM is set out on pages 135 to 138 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](http://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 14 will be proposed as ordinary resolutions and resolutions 15 and 16 will be proposed as special resolutions.

As at 12 noon on the date of this notice, the Company's issued share capital comprised 75,081,177 Ordinary shares of 1.25 pence each (subject to any changes that will be notified to you at the beginning of the AGM). Each Ordinary share carries the right to one vote at a General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 12 noon on the date of this notice is 75,081,177.

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

As your vote is important to us, whether or not you intend to come to the AGM, you are asked to return the Form of Proxy provided to you. Completing the Form of Proxy will not prohibit Shareholders from attending, and voting at, the AGM in person.

## The Ordinary Business to be proposed at the 2016 Annual General Meeting

### Resolution 1 (ordinary resolution) – Report and Accounts

To receive the report of the Directors and the financial statements for the year ended 29 February 2016, together with the report of the Auditor.

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

To approve the Annual Statement by the Chairman of the Remuneration Committee and Annual Report on Directors' Remuneration as set out on pages 58 to 59 and 65 to 74 respectively of the 2016 Annual Report and Accounts for the year ended 29 February 2016.

The Directors' Remuneration Policy Report, as set out in the first part of the Directors' Remuneration Report on pages 60 to 65 of the 2014 Annual Report and Accounts, was last approved by the Shareholders at the AGM on 22 July 2014 and remains effective for up to three years.

### Resolution 3 (ordinary resolution) – Final Dividend

The Board proposes a final dividend of 5.34p per share for the year ended 29 February 2016. If approved, the recommended final dividend will be paid on 21 September 2016 to all Shareholders who are on the register of members on 26 August 2016. Payments will be made by cheque or BACS (where there is an existing dividend mandate). The final dividend equates to an aggregate distribution to Shareholders of approximately £4.0 million, making approximately £4.8 million for the interim and final dividend together.



### **Resolutions 4 to 11 (ordinary resolutions) – Re-election of Directors**

In accordance with best practice for issuers listed on the Main Market of the London Stock Exchange and the Articles of Association of the Company ("Articles"), all the Directors will retire at the AGM and, being eligible, offers themselves for reappointment. The Board has considered the appraisal of the performance of each Director and recommends that each Director is reappointed.

### **Resolution 12 (ordinary resolution) – Reappointment of the Auditor**

The Board recommends that the incumbent External Auditor, KPMG LLP, be reappointed for a further year so that they are able to audit the Company's report and accounts for the year ending 28 February 2017.

### **Resolution 13 (ordinary resolution) – Remuneration of the Auditor**

The Board proposes that it be authorised to determine the level of the Auditor's remuneration.

### **The Special Business to be proposed at the 2016 Annual General Meeting.**

### **Resolution 14 (ordinary resolution) – Authority to allot Ordinary shares**

This is a resolution to replace the general authority, last given at the 2015 AGM, for the Directors to be authorised to allot Ordinary shares pursuant to section 551 of the Act. This resolution, if passed, would give the Directors the authority to allot up to 25,024,556 Ordinary shares of 1.25 pence with a nominal value of £312,806, 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 AGM and 15 months from the date of passing this resolution. The Board has no present intention of exercising the authority granted by this resolution. The Board intends to seek its renewal at subsequent AGMs of the Company.

As at the date of signing the Directors' Report for the 2016 Annual Report, the Directors had beneficial holdings of Ordinary shares in the Company which, in aggregate, amounted to approximately 2.3% of the Ordinary shares in issue. The Directors have been granted awards under the Company's share schemes\* that, if they were to fully vest, would entitle the Directors to further Ordinary shares which in aggregate would amount to approximately a further 2.4% of the Ordinary shares in issue.

\* Includes conditional share awards under the Bloomsbury Publishing Plc Performance Share Plan 2005 and Bloomsbury Publishing Plc 2014 Performance Share Plan and options granted under the Bloomsbury Publishing Plc 2014 Sharesave Plan and, in the case of Jonathan Glasspool for options granted prior to his appointment as a Director, under the Bloomsbury Publishing Plc 2014 Company Share Option Plan.

### **Resolution 15 (special resolution) – Disapplication of statutory pre-emption provisions**

This resolution gives limited power to the Directors to allot new Ordinary shares for cash without first offering them, pro rata, to existing Shareholders pursuant to section 571 of the Act.

The maximum nominal value of new Ordinary shares which may be so allotted under this authority is £46,926 or 3,754,058 shares of 1.25 pence, being equivalent to approximately 5% of the entire issued Ordinary share capital of the Company at date of this notice. This authority will expire on the earlier of the conclusion of the Company's next AGM and 15 months from the date of passing this resolution.

### **Resolution 16 (special resolution) – Authority for the Company to purchase Ordinary shares**

With the authority of Shareholders in general meeting, the Company is empowered by the Articles 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 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 AGM and 15 months from the date of passing this resolution.

The Company would be authorised to make market purchases of up to 7,508,117 Ordinary shares of 1.25 pence with a nominal value of £93,851, 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 five 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).

# Explanation of the Annual General Meeting

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## Action to be taken

As outlined above, information regarding the AGM is available from [www.bloomsbury-ir.co.uk](http://www.bloomsbury-ir.co.uk).

Enclosed with this Notice of Meeting, you will find a reply-paid Form of Proxy for use at the AGM. Whether or not you are able to attend the AGM, you are advised to complete and return the Form of Proxy in accordance with the instructions printed on it.

If you wish to attend the AGM in person then the proxy appointment will not preclude you from doing so.

The Form of Proxy should be completed and returned as soon as possible to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU and, in any event, so as to reach such address no later than 48 hours before the appointed commencement time of the AGM (for which a prepaid business reply service has been provided). You may also deliver it by hand to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU during usual business hours, by such time.

## Recommendations

The Board considers that the passing of Resolutions 1 to 16 is in the best interests of the Company and of the Shareholders as a whole and is most likely to promote the success of the Company. The Board unanimously recommends that you vote in favour of all the resolutions, as each of the Directors intends to do in respect of his or her own beneficial holdings of shares in the Company.

Yours faithfully

## Michael Daykin

Group Company Secretary

Bloomsbury Publishing Plc

13 June 2016

# 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 19 July 2016 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 29 February 2016, together with the Report of the Directors and the report of the Auditor thereon.
2. To approve the Annual Statement by the Chairman of the Remuneration Committee and the Annual Report on Directors' Remuneration for the financial year ended 29 February 2016, as set out on pages 58 to 59 and 65 to 74 respectively of the Company's Annual Report and Accounts for the year ended 29 February 2016.
3. To declare a final dividend of 5.34p per Ordinary share.
4. To re-elect Sir Anthony Salz as a Director of the Company.
5. To elect John Warren as a Director of the Company.
6. To re-elect Jill Jones as a Director of the Company.
7. To re-elect Stephen Page as a Director of the Company.
8. To re-elect Nigel Newton as a Director of the Company.
9. To re-elect Richard Charkin as a Director of the Company.
10. To re-elect Wendy Pallot as a Director of the Company.
11. To elect Jonathan Glasspool as a Director of the Company.
12. To resolve that KPMG LLP be and is hereby reappointed Auditor 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.
13. To authorise the Directors to determine the remuneration of the Auditor on behalf of the Company.

## Special Business

To consider and, if thought fit, to pass the following resolutions of which resolution 14 will be proposed as an ordinary resolution and resolutions 15 and 16 will be proposed as special resolutions.

14. THAT:
  - a) the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company to such persons and on such terms as they think proper up to a maximum aggregate nominal amount of £312,806 provided that:
    - i) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, 15 months from the date of passing of this resolution, unless previously varied, revoked or renewed by the Company in general meeting; and
    - ii) the Company shall be entitled to make, before the expiry of such authority, any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares in the Company to be granted after the expiry of such authority and the Directors may allot any shares pursuant to such offer or agreement as if such authority had not expired; and
  - b) all prior authorities to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company given to the Directors by resolution of the Company be revoked but without prejudice to the allotment of any shares already made or to be made pursuant to such authorities.

# Notice of Annual General Meeting

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15. THAT, subject to the passing of resolution 14 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 14 in the Notice as if section 561 of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:
    - i) in connection with a rights issue, open offer or other pre-emptive offer in favour of holders of Ordinary shares in the Company 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 £46,926; 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.
16. 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 7,508,117 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.

By order of the Board

**Michael Daykin**

Group Company Secretary

Bloomsbury Publishing Plc

13 June 2016

Registered office:

50 Bedford Square

London

WC1B 3DP



## Notes:

1. Only the holders of Ordinary shares are entitled to attend the meeting and vote. A member entitled to attend and vote may appoint one or more proxies to attend, speak and vote on his behalf. A proxy need not be a member of the Company. A Form of Proxy is enclosed for your use. Further copies of the Form of Proxy may be obtained from the registered office of the Company or from [www.bloomsbury-ir.co.uk](http://www.bloomsbury-ir.co.uk).
2. If a member wishes his proxy to speak on his behalf at the meeting, he or she will need to appoint his/ her own choice of proxy (who is not the Chairman) and give instructions directly to the proxy. The completion and return of a Form of Proxy will enable a Shareholder to vote at the Annual General Meeting without having to be present at the Annual General Meeting, but will not preclude him/ her from attending the Annual General Meeting and voting in person if he/she should subsequently decide to do so.
3. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please sign and date the Form of Proxy and attach a schedule listing the names and addresses (in block letters) of all your proxies, the number of shares in respect of which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) and indicating how you wish each proxy to vote or abstain from voting. If you wish to appoint the Chairman as one of your multiple proxies, insert "Chairman of the Meeting" in the box which is used to identify the name of the proxy on the relevant proxy card.
4. To be valid, the enclosed Form of Proxy must be lodged with the Company's Registrars, Capita Registrars, not later than 48 hours before the time appointed for the holding of the Annual General Meeting.
5. Shareholders included on the register of members (in relation to Ordinary shares held in CREST, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001) at 6.00 pm on 17 July 2016 will be entitled to attend and vote at the Annual General Meeting in respect of the number of Ordinary shares registered in their name at that time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the Shareholder by whom he/she was nominated ("Relevant Member"), have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she, under any such agreement, may have a right to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
7. The statement of the rights of Shareholders in relation to the appointment of proxies does not apply to Nominated Persons. The rights described in this regard can only be exercised by Shareholders of the Company.
8. Shareholders should note that it is possible that, pursuant to requests made by Shareholders of the Company under sections 527 to 531 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.
9. You may vote your shares electronically at [www.capitashareportal.com](http://www.capitashareportal.com)

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10. 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.
11. 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.
12. 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 the Executive Directors of the Company are employed by the Company or its subsidiaries;
  - \* copies of letters of appointment of the Non-Executive Directors;
  - \* a copy of the Articles of Association of the Company; and
  - \* the terms of reference of the Audit Committee, the Remuneration Committee and Nomination Committee of the Board.

**Bloomsbury Publishing Plc**

50 Bedford Square, London WC1B 3DP

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[www.bloomsbury.com](http://www.bloomsbury.com)

[www.bloomsbury-ir.co.uk](http://www.bloomsbury-ir.co.uk)

Stock code: BMY