Blackwell Publishing Limited

Directors' report and financial statements

Registered number 180277

Year ended 30 April 2013

Contents

Directors' report

The directors present their annual report and the audited financial statements of Blackwell Publishing Limited for the year ended 30 April 2013 The comparatives are for the period ended 30 April 2012

Principle activities

The company's principal activity during the period continued to be that of publishing

Alongside other members of the Wiley group, the company provides and is dedicated to serving its customers' needs, while generating attractive intellectual and financial rewards for all its stakeholders – authors, colleagues, business partners and shareholders

Blackwell Publishing Limited has achieved good results and continues to grow by focusing on three overarching goals

- Building long-term relationships with its customers
- Increasing profitability, cash flow, and return on investment
- Enhancing Wiley's position as "The place to be" for all of its stakeholders

The trade and assets of the company were transferred to John Wiley & Sons Limited on 1st May 2013, as referred to in note 24 Any future results related to these assets will be reported within the financial statements of John Wiley & Sons Limited Consequently, the company is not expected to generate trade income and incur expense in the future therefore these accounts have not been prepared on a going concern basis The financial statements have been prepared on a break-up basis – that is by reflecting all assets at their estimated recoverable amount and making full provision for all obligations at the balance sheet date

Business review

Competition for market share

The publishing industry as a whole is increasingly becoming an online and technology-driven industry and Wiley must ensure that it keeps up with, or ahead of, the competition and meets the needs of its customers The company operates in highly competitive markets Success and continued growth depends greatly on developing new products and the means to deliver them in an environment of rapid technological change Attracting new authors and professional societies, while retaining our existing business relationships, are also critical to our success

Credit risk

Cash for journal subscriptions is generally collected in advance by the subscription agents and is principally remitted to the company between the months of December and March Although at fiscal year-end the company had minimal credit risk exposure to these agents, future calendar-year subscription receipts from these agents are highly dependent on their financial condition and liquidity

Outside of journal subscription based customers, the company ensures appropriate credit checks are carried out on potential customers before sales are made

Liquidity risk

Changes in global financial markets have not had, nor do we anticipate they will have, a significant impact on our liquidity Due to our significant operating cash flow, financial assets, access to capital markets and available lines of credit, we continue to believe that we have the ability to meet our financing needs for the foreseeable future

Directors' report *(continued)*

Results and KPI's

Turnover in the year for the company has decreased by £11 8m to £196 3 million, translating to 5 7% reduction (2012 0 04% increase) on the prior year

Gross profit margin is 51 4% compared to 52 8% in prior period, whilst operating profit margin is 22 4% compared to prior period of 24 6%

Current ratio of assets to liabilities was 33 1% compared to 43 4% in the prior year

Net assets have grown from £76 9m in the prior year to net assets of £105 4m in the current year

Future

Looking ahead, as part of the Wiley group, the company sees great opportunities for innovation and growth at the nexus of technological, demographic, and market forces and the company plans to capitalise on these opportunities through new interactions with customers

The company is becoming more customer-centric, more flexible, and more dynamic in our interactions with the constituencies we serve Enabled by technology and creativity of our colleagues, we are providing more access to more content to more people than ever before in our history Publishing at the company has certainly evolved, but our core values still endure, providing a rock-solid foundation for future growth and prosperity

Following the company merger referenced above, all future business will continue and will be reported within John Wiley & Sons Limited

Dividends

Dividends paid during the year amounted to £nil (2012 £168,110,537)

Directors

The directors of the company who served during the year and up to the date of this report were as follows

E Cousens
S Smith
U D'Arcy
P Kisray
I Garrard

Political and charitable donations

The company contributed £2,700 (2012 £2,302) to charities during the year There were no contributions made to political parties during the year (2012 £nil)

Directors' report *(continued)*

Employees

Applications for employment of disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees

The company places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees and on the various factors affecting the performance of the company This is achieved through formal and informal meetings Employees are consulted regularly on a wide range of matters affecting their current and future interests

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office

By order of the board

U D'Arcy
Director

The Atrium
Southern Gate
Chichester
West Sussex
PO19 8SQ

11th November 2013

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

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

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the 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 company and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of Blackwell Publishing Limited

We have audited the financial statements of Blackwell Publishing Limited for the year ended 30 April 2013 set out on pages 6 to 24 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk/auditscopeukprivate

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements 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

Steve Masters

Steve Masters (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
United Kingdom

9 November 2013

Profit and loss account

for the year ended 30 April 2013

	Notes	2013 £000	2012 £000
Turnover	2	**196,260**	208,098
Cost of sales		**(95,310)**	(98,238)
Gross profit		**100,950**	109,860
Other operating expenses	3	**(57,001)**	(58,692)
Operating profit		**43,949**	51,168
Interest receivable and similar income	4	**71**	94
Interest payable and similar charges	5	**(5,063)**	(4,880)
Profit on ordinary activities before taxation	6	**38,957**	46,382
Tax on profit on ordinary activities	8	**(10,447)**	(8,175)
Profit on ordinary activities after taxation		**28,510**	38,207

The results above are derived from continuing activities

The notes on pages 9 to 24 form part of these financial statements

Balance sheet
at 30 April 2013

	Notes	2013	2012
		£000	£000
Fixed assets			
Intangible assets	*10*	**3,721**	5,145
Tangible assets	*11*	**2,422**	2,867
Investments	*12*	**174,628**	174,628
		180,771	182,640
Current assets			
Stocks	*13*	**7,043**	9,198
Debtors	*14*	**30,154**	71,899
Cash at bank and in hand		**59**	18
		37,256	81,115
Creditors amounts falling due within one year	*16*	**(112,474)**	(186,715)
Net current assets/(liabilities)		**(75,218)**	(105,600)
Total assets less current liabilities		**105,553**	77,040
Provisions for liabilities and charges	*17*	**(169)**	(71)
Net assets excluding pension liability		**105,384**	76,969
Pension liability	*22*	**-**	(95)
Net assets including pension liability		**105,384**	76,874
Capital and reserves			
Called up share capital	*18*	**10**	10
Share premium	*19*	**166**	166
Other reserve	*19*	**58**	58
Profit and loss account	*19*	**105,150**	76,640
Equity shareholders' funds	*20*	**105,384**	76,874

The notes on pages 9 to 24 form part of these financial statements

These financial statements were approved by the board of directors on 11th November 2013 and were signed on its behalf by

I Garrard
Director

Statement of Total Recognised Gains and Losses
for the year ended 30 April 2013

	Notes	2013 £000	2012 £000
Profit for the year		**28,510**	38,207
Gain attributable to approved pension scheme		-	2,175
Actuarial (loss)/gain relating to the pension scheme	22	-	(126)
Deferred tax attributable to actuarial gain/(loss)		-	32
Total recognised gains relating to the year		**28,510**	40,288

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards in the United Kingdom

In previous years, the financial statements have been prepared on a going concern basis However on 1st May 2013, the directors took the decision to transfer the trade and assets of the company to John Wiley & Sons Limited Consequently, the directors have not prepared the financial statements on a going concern basis The financial statements have been prepared on a break-up basis – that is by reflecting all assets at their estimated recoverable amount and making full provision for all obligations at the balance sheet date As a result of this assessment, no adjustments were necessary to the amounts at which the remaining net liabilities are included in these financial statements

The company is exempt by virtue of provisions contained in FRS 1 (Revised) from the requirement to present a cash flow statement as it is an ultimately wholly owned subsidiary of John Wiley & Sons, Inc in whose consolidated accounts the company's cash flows are included and which are publicly available

Turnover

Turnover represents the value, net of Value Added Tax, of goods and services provided to customers net of discounts and returns Revenue is recognised when the Company has transferred the significant risks and rewards of ownership and control of the products sold and/or the service has been provided and the amount of revenue can be measured reliably

Journal subscription revenues are generally collected in advance These revenues are deferred and recognised when the related issue is sent to subscribers

Book revenues are recognised when the book is despatched to the customer

Goodwill

Goodwill, which represents the excess of purchase price over the book value of assets acquired, is shown at cost, and is amortised over a period of up to 20 years Provision is made for any impairment

Intangible assets

Intangible assets are included at cost and depreciated over their estimated useful economic as follows

Goodwill and publishing rights	up to 10 years

Provision is made for any impairment

Investments

Investments are stated at cost less any provision for permanent impairment

Composition amortisation

Composition costs are stated at cost, net of depreciation and any provision for impairment Depreciation is calculated using the double declining basis over 3 years

Notes *(continued)*

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful economic life, as follows

Leasehold improvements	5% - 20%
Furniture and fixtures	10% - 15%
Plant and equipment	5% - 33%
Motor cars	20% - 25%

Stocks

Stocks of finished goods are valued at the lower of cost and net realisable value

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and sale Provision is made for obsolete, slow-moving or defective items where appropriate

Included within stock and work-in-progress are composition costs which are charged to the profit and loss account over three years on a reducing balance basis

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which has arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Editorial costs

Editorial and related costs are expensed as incurred

Foreign currency translation

Transactions expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the transaction date and monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Any gain or loss resulting from a change in exchange rates subsequent to the date of the transaction is taken directly to the profit and loss account

Notes *(continued)*

1 Accounting policies (continued)

Dividends

Dividends are recognised in the period in which they become unconditionally payable

Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis

Post-retirement benefits

A number of the employees of the company continue to participate in the merged John Wiley & Sons Limited Retirement Benefits Scheme, a scheme that is in place for the employees of the group headed by Wiley Europe Limited, the company's immediate holding company Wiley Europe Limited has confirmed its commitment to the scheme and that it will remain a defined benefit scheme

The assets of the scheme are held separately in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period As in the previous year, it is the Company's view is that it will not be able to identify its share of the assets and liabilities in the merged scheme on a reasonable and consistent basis Therefore, as permitted by FRS 17 'Retirement benefits' these schemes are accounted for as if they were defined contribution schemes The unfunded pension scheme is accounted for as a defined benefit pension scheme in accordance with FRS17

Share-based payments

The share option plans allow certain employees to acquire shares in the ultimate parent undertaking, John Wiley & Sons Inc The company is charged by that parent undertaking for the benefit of these grants, a cost which is reflected in the company's profit and loss account

The fair value of the share options is calculated in accordance with the provisions of FRS 20 To the extent that this cost exceeds that charged by the parent undertaking the excess is reflected in the company's profit and loss account, with a corresponding increase in shareholders' equity The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to share options

The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options are granted This calculation is adjusted to reflect the actual number of share options that vest except where variations are due only to share prices not achieving the threshold for vesting The company measures the services received from the employees by reference to the fair value of the equity instruments at the date those rights to equity instruments were originally granted by the ultimate parent undertaking and the proportion of the vesting period served by the employee with the company

All share-based payment schemes are treated as equity-settled This is on the basis that there is neither a mandatory redemption nor buy-back arrangements in place for these share-based payments and there is no intention or obligation by the ultimate parent undertaking to settle these schemes in cash

Notes *(continued)*

2 Segmental information

The geographical analysis of turnover is as follows

	2013	2012
	£000	£000
United Kingdom	**26,814**	30,508
United States	**66,168**	68,277
Rest of the World	**103,278**	109,313
	196,260	208,098

The company has a single class of business, which is the publishing of books, journals and electronic products in the scientific, technical, educational and professional markets There is no suitable basis of allocating the company's assets and liabilities to geographical segments

3 Other operating expenses

	2013	2012
	£000	£000
Administrative expenses	**47,892**	48,042
Distribution costs	**9,109**	10,650
	57,001	58,692

4 Interest receivable and similar income

	2013	2012
	£000	£000
Interest receivable from fellow group companies	**71**	94
	71	94

5 Interest payable and similar charges

	2013	2012
	£000	£000
Other intercompany expenses payable to fellow group companies	**1,440**	1,440
Other interest payable	**-**	2
Interest payable to fellow group companies	**2,644**	2,479
Exchange loss	**979**	959
	5,063	4,880

Notes *(continued)*

6 Profit on ordinary activities before taxation

	2013	2012
	£000	£000
Profit on ordinary activities before taxation is stated after charging		
Amortisation of goodwill and other intangible assets	**1,724**	2,111
Composition amortisation	**2,225**	2,568
Depreciation – owned assets	**748**	757
Operating lease rentals - land and buildings	**1,777**	1,774
- other	**18**	23
Auditor's remuneration		
- Audit of these financial statements	**22**	22

7 Staff numbers and costs

The average number of persons employed by the company during the year was as follows

	Number of employees	
	2013	2012
Management and administration	**113**	116
Production and publishing	**330**	339
	443	455

The aggregate payroll costs of these persons were as follows

	2013	2012
	£000	£000
Wages and salaries	**18,348**	18,166
Social security costs	**1,831**	1,837
Pension costs	**2,520**	1,923
Share based payments (see note 21)	**549**	653
	23,248	22,579

Directors' remuneration

No Directors received remuneration directly for services to this Company in the current or prior year

Notes *(continued)*

8 Taxation

Analysis of charge in the year

	2013 £000	2012 £000
UK corporation tax		
Current tax on income for the year	10,094	11,228
Adjustments in respect of prior periods	375	(3,106)
Total current tax	10,469	8,122
Deferred taxation – Current year	(67)	(110)
Deferred taxation – Prior year	15	110
Impact of change in tax rate on deferred tax balance	30	53
Tax on profit on ordinary activities	10,447	8,175

Factors affecting the tax charge

The current tax charge is higher (2012 lower) than the standard rate of corporation tax in the UK of 23 92%, (2012 25 84%) as explained below

	2013 £000	2012 £000
Current tax reconciliation		
Profit on ordinary activities before tax	38,957	46,382
Current tax at 23 92% (2012 25 84%)	9,318	11,985
Effects of		
Expenses not deductible for tax purposes	94	109
Capital allowances in excess of depreciation	23	6
Disallowed finance expense	615	-
Other timing differences	44	115
Group relief for nil consideration	-	(987)
Adjustments to tax charge in respect of previous years	375	(3,106)
Total current tax charge (see above)	10,469	8,122

The Autumn Statement on 5 December 2012 announced that the UK corporation tax rate will reduce to 20% by 1 April 2015 A reduction in the UK corporation tax rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012 Further reductions to 21% from the 1st April 2014 and 20% from 1st April 2015 have been enacted in July 2013 This will reduce the company's future current tax charge accordingly

9 Dividends

The aggregate amount of dividend comprises	2013 £000	2012 £000
Final dividends paid in respect of the current year	-	168,111

Notes *(continued)*

10 Intangible assets

	Goodwill and publishing rights £000
Costs	
At 1 May 2012	39,275
Additions	300
At 30 April 2013	39,575
Amortisation	
At 1 May 2012	34,130
Charge for the year	1,724
At 30 April 2013	35,854
Net book value	
At 30 April 2013	**3,721**
At 30 April 2012	5,145

11 Tangible fixed assets

	Leasehold property £000	Vehicles & equipment £000	Total £000
Cost			
At 1 May 2012	4,077	7,924	12,001
Additions	8	302	310
Disposals	-	(1,270)	(1,270)
At 30 April 2013	**4,085**	**6,956**	**11,041**
Depreciation			
At 1 May 2012	2,439	6,695	9,134
Charge for the year	294	454	748
Depreciation on disposals	-	(1,263)	(1,263)
At 30 April 2013	**2,733**	**5,886**	**8,619**
Net book value			
At 30 April 2013	**1,352**	**1,070**	**2,422**
At 30 April 2012	1,638	1,229	2,867

Notes *(continued)*

12 Investments

Subsidiary Undertakings	2013 £000
Investment at 1 May 2012 and 30 April 2013	**174,628**

The company has investments in the following principal subsidiary undertakings

	Country of incorporation	Principal activity	Interest in ordinary share capital %
John Wiley & Sons Singapore Pte Ltd	Singapore	Publishing	100
John Wiley & Sons GmbH	Germany	Publishing	75

13 Stocks

	2013 £000	2012 £000
Raw materials	**1,056**	1,275
Work in progress	**2,499**	3,793
Finished goods	**3,488**	4,130
	7,043	9,198

14 Debtors

	2013 £000	2012 £000
Amounts falling due within one year		
Trade debtors	**6,433**	8,465
Deferred taxation (see note 15)	**663**	641
Corporation tax	**-**	1,345
Other taxes and social security	**31**	-
Amounts owed by other group undertakings	**14,049**	51,932
Prepayments and accrued income	**8,978**	9,516
	30,154	71,899

Notes *(continued)*

15 Deferred tax asset

	2013 £000	2012 £000
Depreciation in advance of capital allowances	**119**	117
Other timing differences	**544**	524
	663	641

The movement on deferred taxation comprises

	2013 £000	2012 £000
At 1 May 2012	**641**	694
Credited /(charged) to profit and loss, in respect of		
- fixed assets	**23**	6
- other timing differences	**44**	104
- prior year adjustment	**(15)**	(110)
- impact of change in tax rate on deferred tax balances	**(30)**	(53)
At 30 April 2013	**663**	641

16 Creditors amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	**15,967**	14,486
Amounts owed to group undertakings	**9,249**	87,680
Corporation tax	**5,363**	-
Other taxes and social security	**-**	538
Accruals and deferred income	**81,895**	84,011
	112,474	186,715

During the year, the company repaid a loan due to John Wiley & Sons Limited, and the interest thereon, totalling £80,111,773

17 Provision for liabilities and charges

	2013 £000
Onerous contract	
At 1 May 2012	**196**
Further changes provided for	**(27)**
At 30 April 2013	**169**

Notes *(continued)*

18 Called up share capital

	2013	2012
	£	£
Allotted, called up and fully paid		
98,806 ordinary shares of 10p each	**9,881**	9,881
100,000 £1 ordinary shares issued	-	100,000
45,346 £1 ordinary shares cancelled	-	(45,346)
54,654 £1 ordinary shares cancelled	-	(54,654)
1 ordinary share of £1 each	**1**	1

19 Share premium and reserves

	Other Reserve account	Share Premium account	Profit and loss account
	£000	£000	£000
As at 1 May 2012	58	166	76,640
Profit for the year	-	-	28,510
Balance at 30 April 2013	**58**	**166**	**105,150**

20 Reconciliation of movements on shareholders' funds

	2013	2012
	£000	£000
Profit for the year	**28,510**	38,207
Issued share capital	-	100
Issued share premium	-	161,452
Reduction in share capital	-	(100)
Reduction in share premium	-	(161,452)
Distributable reserves created	-	161,552
Dividends paid in the year	-	(79,818)
Dividends in specie paid in the year	-	(88,293)
Gain attributable to approved pension scheme	-	2,175
Actuarial gain/(loss) relating to pension scheme	-	(126)
Deferred taxation attributable to actuarial gain/(loss)	-	32
Net movements in shareholders' funds/(deficit)	**28,510**	33,729
Shareholders' funds at the beginning of the year	**76,874**	43,145
Shareholders' funds /(deficit) at the end of the year	**105,384**	76,874

Notes *(continued)*

21 Share based payments

Stock options

Under the Key Employee Stock Plan ("the Plan"), qualified employees are eligible to receive awards that may include stock options and restricted stock awards in the ultimate parent undertaking, John Wiley & Sons Inc

Under the terms of the stock option plan the exercise price of stock options granted under the plan may not be less than 100% of the fair market value of the stock at the date of the grant Options are exercisable, over a maximum period of 10 years from the date of grant, and generally vest 50% on the fourth and fifth anniversary date after the award is granted

The following table sets out the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year

	2013 No	**2013 WAEP**	2012 No	2012 WAEP
Outstanding at 1 May	**121,418**	**$43 01**	99,958	$41 61
Granted during the period	**23,700**	**$48 06**	21,460	$49 55
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Outstanding at 30 April	**145,118**	**$43 84**	121,418	$43 01
Exercisable at 30 April	**56,058**		29,367	

The options outstanding at the year-end have an exercise price in the range of $35 04 to $49 55 and a weighted average contract life of 9 72 years

The following table provides the estimated weighted average fair value, under the Black-Scholes option-pricing model, for each option granted during the periods and the significant weighted average assumptions used in their determination The expected life represents an estimate of the period of time stock options are outstanding based on the historical exercise behaviour of the employees The risk-free interest rate is based on the corresponding U S Treasury curve in effect at the time of the grant Similarly, the volatility is estimated based on the expected volatility over the estimated life, while the dividend yield is based on the expected dividend payments to be made by the company

	2013	2012
Expected life of options (years)	**7 3**	7 3
Risk-free interest rate	**1.2%**	2 3%
Expected volatility	**30 2%**	29 0%
Expected dividend yield	**2.0%**	1 6%
Per share value of options granted	**$12.26**	$14 11

Notes *(continued)*

21 Share based payments (continued)

Restricted shares

The company may also grant restricted shares to key employees in connection with their employment The restricted shares generally vest 50% at the end of the fourth and fifth years following the date of the grant

The following table sets out the number and weighted average grant date values and movements in, restricted share options during the year

	2013 No	**2013 WAEP**	2012 No	2012 WAEP
Outstanding at 1 May	**78,006**	**$41 10**	73,349	$39 41
Granted during the period	**23,030**	**$47.55**	29,382	$47 74
Forfeited during the period	**(500)**	**$41 72**	(16,404)	$43 67
Exercised during the period	**(13,606)**	**$38 49**	(8,321)	$45 19
Outstanding at 30 April	**86,930**	**$43 24**	78,006	$41 10
Exercisable at 30 April	-		-	

The options outstanding at the end of the year have a weighted average contract life of 10 64 years

The expense recognised in the profit and loss account under FRS20 in respect of employee services received during the period to 30 April 2013 is £549,077 (2012 £653,280)

22 Pension Scheme

A number of the employees of the company participate in the John Wiley & Sons Limited Retirement Benefits Scheme, a scheme that is in place for the employees of the group headed by Wiley Europe Limited, the company's immediate parent company The scheme was closed to new entrants from 30 April 2003 The pension contributions for the year by the company were £2,064,617 (2012 £1,451,315)

On May 1st 2011 the assets and liabilities of the John Wiley & Sons Retirement Benefits Scheme and the Blackwell Publishing Limited Pension Scheme were merged with Wiley Europe Limited, deemed as sponsoring employer

Due to the fact there is insufficient information to carry out a reasonable and consistent apportionment of the assets and obligations for the participating employers, following the provisions of FRS17 paragraph 9b, the company has accounted for the merged Scheme on a defined contribution basis for their participation

Notes *(continued)*

22 Pension Scheme (continued)

A summary of the position of the merged scheme is shown below

Contributions to the group's defined benefit pension scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group The contributions are determined by a qualified independent actuary on the basis of triennial valuations using the unit method for lump sum death benefits and projected unit method for other benefits The most recent valuation was at 1st May 2011 The assumptions which have the most significant effect on the results of the valuation were that salaries would increase by 4 25% per annum, pensions in payment would increase in line with the Retail Price Index within the range of 0% - 5% per annum, return on scheme investment pre-retirement was 7 3% per annum and the return on the scheme investment post retirement would be 4 35% per annum The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

At the date of the latest actuarial valuation, the market value of the group scheme assets (excluding deposits relating to additional voluntary contributions) was £153 2m and the actuarial value of the assets was sufficient to cover 95 5% of the benefits that had accrued to members after allowing for expected future increases in earnings

The valuation at 1st May 2011 has been updated by the actuary on an FRS 17 basis as at 30 April 2013

At April 30th 2013 the scheme had an FRS 17 deficit net of deferred tax of £25 million (2012 £12 million) The assumptions used which have the most significant effect on the results of this valuation were an RPI inflation rate of 3 62%, discount rate of 4 3%, salary increases of 3.0% per annum, and pensions in payment increasing in line with the Retail Price Index of 3 85% per annum

The information disclosed below is in respect of the John Wiley & Sons Retirement Benefits Scheme of which the Company is a member

	2013	2012
	£000	£000
Present value of funded defined benefit obligations	**(223,029)**	(176,182)
Fair value of plan assets	**190,403**	160,140
Deficit	**(32,626)**	(16,042)
Related deferred tax asset	**7,504**	4,031
Net liability	**(25,122)**	(12,011)

Notes *(continued)*

22 Pension Scheme (continued)

Movements in present value of defined benefit obligation

	2013 £000	2012 £000
Present value of the John Wiley & Sons Limited Retirement Benefits Scheme at 1 May 2012	**176,182**	82,032
Transfer from Blackwell Publishing Limited Pension Scheme	-	76,009
	176,182	158,041
Current service cost	**2,739**	2,632
Contributions by members	**1,201**	1,215
Interest cost	**8,921**	8,881
Actuarial losses	**37,342**	12,020
Benefits paid	**(3,356)**	(6,607)
At 30 April 2013	**223,029**	176,182

Movements in fair value of plan assets

	2013 £000	2012 £000
Fair value of plan assets of the John Wiley & Sons Limited Retirement Benefits Scheme at 1 May 2012	**160,140**	82,547
Transfer from Blackwell Publishing Pension Scheme	-	73,069
	160,140	155,616
Expected return on plan assets	**7,683**	8,850
Actuarial gains/(losses)	**17,412**	(3,428)
Contributions by employer	**7,323**	4,494
Contributions by members	**1,201**	1,215
Benefits paid	**(3,356)**	(6,607)
At 30 April 2013	**190,403**	160,140

Notes *(continued)*

22 Pension Scheme (continued)

History of plans

The history of the plans for the current and prior periods is as follows

Balance sheet

	2013 £000	2012 £000
Present value of the Scheme liabilities	**(223,029)**	(176,182)
Fair value of the Scheme assets	**190,403**	160,140
Deficit in the Scheme	**(32,626)**	(16,042)

Experience adjustments

	2013 £000	2012 £000
Experience losses on Scheme liabilities	**(1,671)**	(3,038)
Experience gains/(losses) on Scheme assets	**17,412**	(3,428)

The contribution rate for 2013 was 24 2% (2012 24 2%) of Pensionable Salaries for the company

The Company expects to contribute approximately £1 9m to its defined benefit plans in the next financial year

Unapproved defined benefit scheme

During the year the unapproved defined benefit scheme was transferred to John Wiley & Sons Limited

23 Financial commitments

Lease commitments

At the year end the group had annual commitments under non-cancellable operating leases as follows

	Land and Buildings 2013 £000	Other 2013 £000	Land and Buildings 2012 £000	Other 2012 £000
Operating leases which expire				
Within one year	**166**	**18**	27	23
Within 2-5 years	**100**	-	236	-
After 5 years	**1,511**	-	1,511	-
	1,777	**18**	1,774	23

Notes *(continued)*

24 Post balance sheet event

As of 1st May 2013, the company agreed to the sale of its trade and assets as part of an internal reorganisation to John Wiley & Sons Limited The consideration for the assets was to be in the form of 80,000 ordinary shares of nominal value of £1 each and a share premium of £1,315 56 per share

25 Related party transactions

As a subsidiary of John Wiley & Sons, Inc , the company has taken advantage of the exemption in FRS8 "Related Party Disclosures" not to disclose transactions with other members of the group headed by John Wiley & Sons, Inc

26 Ultimate parent company

The smallest and largest group in which they are also consolidated is that headed by John Wiley & Sons, Inc , incorporated in the State of New York, USA, whose principal place of business is at 111 River Street, Hoboken, New Jersey, NJ 07030, USA, where consolidated accounts of this group are available to the public