Company Registration No 651692

HODDER & STOUGHTON LIMITED

Report and Financial Statements

Year ended 31st December 2012

REPORT AND FINANCIAL STATEMENTS 2012

CONTENTS

REPORT AND FINANCIAL STATEMENTS 2012

COMPANY INFORMATION

DIRECTORS

T M Hely Hutchinson (Chairman)
P de Cacqueray
J Hodder-Williams
M Johnson
E Tribe

SECRETARY

P de Cacqueray

REGISTERED OFFICE

338 Euston Road
London
NW1 3BH

COMPANY NUMBER

651692 (England and Wales)

AUDITOR

Mazars LLP
Chartered Accountants & Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

DIRECTORS' REPORT

The Directors present their Report and Financial Statements for the year ended 31st December 2012

Principal Activities

The Company continued to trade as a book publisher

Review of Business and Future Prospects

There was a profit on ordinary activities before taxation of £9,708,191 for the year ended 31st December 2012 compared with a profit on ordinary activities before taxation of £943,026 for the year ended 31st December 2011

Sales have declined by 4% from 2011 to 2012

Gross profit margin has increased from 44% in 2011 to 49% in 2012 This is partly due to a decrease in sales from the Adult trade division which carries lower margins that the other divisions within the Company The increase is also partly due to the increase in e-book sales, which carry higher margins

Distribution costs have decreased as a percentage of sales from 6 8% in 2011 to 6 4% in 2012 This is as a result of the decrease in physical sales being replaced by that of digital sales

Administrative expenses have increased as a percentage of sales from 37% in 2011 to 39% in 2012 This is mainly as a result of one-off restructing costs of the Education department

During the year the company sold its Higher Education and Health Sciences backlist, resulting in a profit on disposal of £6,853,322

During the year the company acquired the Enid Blyton Estate from Chorion Limited for a consideration of £8,122 692 and the entire share capital of Chambers Publishing Limited (formerly Chambers Harrap Publishers Limited) from Larousse SA for a consideration of £763,050

The Company will be looking for margin improvement and increased sales revenues in 2013 to generate higher profits than the 2012 performance

Treasury Operations and Financial Instruments

The Hachette UK (Holdings) Group operates a centralised treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the individual companies' activities

Principal Risks and Uncertainties
The Group's principal financial instruments include derivative financial instruments the purpose of which is to manage currency risks and interest rate risks arising from the Group s activities bank overdrafts loans and corporate bonds The purpose of these facilities is to raise finance for the Group s operations In addition the Group has various other financial assets and liabilities such as trade receivables and trade payables arising directly from its operations Derivative transactions which the Group enters into principally comprise forward exchange contracts In accordance with the Group s treasury policy, derivative instruments are not entered into for speculative purposes

Liquidity risk
The Group manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of its businesses

Interest rate risk
The Group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans The Group uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates

Foreign currency risk
The Group's principal foreign currency exposures arise from trading operations in overseas companies Group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling This hedging activity involves the use of foreign exchange forward contracts

DIRECTORS' REPORT (cont.)

Credit risk
Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board

All customers who wish to trade on credit terms are subject to credit verification procedures Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary

Dividends

The Company paid dividends of £1,000,000 in the year ended 31st December 2012 (year ended 31st December 2011 £2,500,000)
The directors recommend a final dividend to be paid in 2013 of £10,000,000

Directors

The names of the present Directors of the Company are shown on page 1
T Webster resigned as director on 2nd August 2012
E Tribe was appointed director on 2nd August 2012
P C K Roche resigned as director on 30th June 2013

Directors' Indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company

Appropriate directors' and officers' liability insurance cover is in place in respect of all of the Company's directors

Equal Opportunities, Training and Disabled Persons

The Company's policy and practice is to be an "equal opportunities employer" and all staff are appointed without regard to sex, colour or creed It is also the Company's policy to employ, to the best of its ability and within the opportunities available, people with disabilities The policy of training is a commitment to improving job performance, increasing skills and encouraging self-development In the event of an existing employee becoming disabled, the Company will make efforts to continue his or her employment and to arrange for appropriate training

Employee Involvement

The Company is committed to involving all employees in the performance and development of the Company Employees are encouraged to discuss with management matters of interest to the employee and subjects affecting day-to-day operations of the Company

Statement as to Disclosure of Information to Auditor

The directors who held office at the date of approval of this report confirm that

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of this information

Reappointment of Auditor

Mazars LLP will continue in office as auditor in accordance with section 487(2) of the Companies Act 2006

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

P de Cacqueray
Director

Date 24/7/13

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 judgements and accounting 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

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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT
To the member of Hodder & Stoughton Limited

We have audited the financial statements of Hodder & Stoughton Limited for the year ended 31st December 2012 which comprise the Profit and Loss account, the Balance Sheet, and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsiblities 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 This report is made solely to the company's member 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 member those matters we are required to state to it 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 member for our audit work, for this report, or for the opinions we have formed

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 http //www frc org uk/auditscopeukprivate

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on the 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

Claire Larquetoux (Senior statutory auditor)

For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House,
St Katharine's Way,
London, E1W 1DD
Date 25/7/13

PROFIT AND LOSS ACCOUNT
For the year ended 31st December 2012

	Note	Year ended 31st December 2012	Restated Year ended 31st December 2011
		£	£
TURNOVER	3	**99,390,649**	103,370,734
Cost of sales		**(50,950,124)**	(57,484,412)
GROSS PROFIT		**48,440,525**	45,886,322
Distribution costs		**(6,402,200)**	(6,996,493)
Administrative expenses		**(39,183,456)**	(37,946,803)
OPERATING PROFIT	5	**2,854,869**	943,026
Profit on disposal	8	**6,853,322**	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**9,708,191**	943,026
Tax on profit on ordinary activities	6	**(2,434,261)**	(334,022)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15, 16	**7,273,930**	609,004

All results are derived from continuing operations

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £7,273,930 in the year ended 31st December 2012 (year ended 31st December 2011 profit £609,004) Consequently a statement of total recognised gains and losses is not presented

BALANCE SHEET
31st December 2012

	Note	As at 31st December 2012	As at 31st December 2011
		£	£
FIXED ASSETS			
Intangible assets	8	11,288,596	5,037,188
Investments	9	763,052	2
		12,051,648	5,037,190
CURRENT ASSETS			
Stocks	10	7,770,122	9,831,360
Debtors	11	43,678,381	38,856 246
Cash at bank and in hand		7,257	6,465
		51,455,760	48,694,071
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(51,069,964)	(47,567,747)
NET CURRENT ASSETS		385,796	1,126,324
TOTAL ASSETS LESS CURRENT LIABILITIES		12,437,444	6,163,514
CAPITAL AND RESERVES			
Called up equity share capital	14	25,000	25 000
Profit and loss account	15	12,412,444	6,138,514
EQUITY SHAREHOLDER'S FUNDS	16	12,437,444	6,163,514

The financial statements were approved by the Board of Directors and authorised for issue on 24/7/13

Signed on behalf of the Board of Directors

P de Cacqueray
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st December 2012

1 BASIS OF PREPARATION

The financial statements are for the year ended 31st December 2012

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards in compliance with the Companies Act 2006

In accordance with FRS 1 (Revised) a statement of cash flows has not been prepared as cash flow information has been shown in the financial statements of the ultimate parent company who prepares consolidated financial statements

The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent Lagardere SCA a company incorporated in France

As such these financial statements present information about the company as an individual undertaking and not as a group

2 ACCOUNTING POLICIES

a) Fixed asset investments

Fixed asset investments held as fixed assets are stated at cost less provision for any impairment

b) Intangible assets

Licences purchased from other publishers for previously published titles are amortised on a straight line basis from the month of the first Company publication over the expected revenue earning period of each licence

c) Goodwill

Goodwill representing the excess of purchase consideration over the fair value of assets acquired is capitalised in the balance sheet as an asset and amortised in the profit and loss account over its useful economic life In accordance with FRS 10 where goodwill is regarded as having an indefinite economic life it is not amortised but is subject to an annual test for impairment
Goodwill previously written off up to 31st December 1997 has not been reinstated in the balance sheet

d) Deferred taxation

In accordance with FRS 19 'Deferred tax' the Company provides deferred tax in full on timing differences which result in an obligation at the balance sheet date to pay more tax or a right to pay less tax at a future date at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred taxation is not provided on timing differences arising from the sale or revaluation of fixed assets unless at the balance sheet date a binding commitment to sell the asset has been entered into and it is unlikely that any gain will qualify for rollover relief Deferred taxation is measured on a non-discounted basis

e) Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value as follows

Raw materials consumables and goods for resale	purchase cost on a first in first out basis
Work in progress and finished goods	cost of direct materials and labour

f) Turnover

Turnover comprises the gross value of goods supplied exclusive of VAT after deduction of provisions for returns

g) Pension costs

The Company participates in a defined benefit scheme operated by Hachette UK Limited and a number of defined contribution schemes for certain of its employees

The company has adopted FRS 17 'Retirement Benefits' As the directors are unable to identify the Company's share of the underlying assets and liabilities of the scheme the costs in respect of the defined benefit scheme are charged to the profit and loss account on a contribution basis Costs in respect of the Company's defined contribution pension payments are charged to the profit and loss account on an accruals basis as contributions become payable

h) Leases

Rental costs under operating leases are charged to the profit and loss account as incurred

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st December 2012

2 ACCOUNTING POLICIES (continued)

i) Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of transactions All other monetary liabilities and assets are translated at year-end exchange rates and the resulting differences are dealt with in the determination of results for the financial period

j) Related parties

The Company has taken advantage of the exemption in Financial Reporting Standard 8 Related Party Disclosures available to subsidiaries which are 100% controlled by the group not to disclose transactions with other group companies and investees of the group qualifying as related parties since these financial statements are included in the Lagardere SCA consolidated financial statements

k) Significant accounting estimates

Royalty advances
Unearned royalty advances are written down to the extent that they are not expected to be covered by estimated future earnings
Returns
The company sells books on a sale or return basis Other creditors includes an estimate for returns expected to be received after the year end

3 TURNOVER

Analysis by geographical area

	Year ended 31st December 2012	Year ended 31st December 2011
	£	£
Turnover continuing operations		
United Kingdom	**64,518,663**	72 770 105
Australia and New Zealand	**6,367,147**	7 426 519
Continental Europe	**14,318,496**	10 999 242
North America	**2,300,925**	2 958 358
Asia	**4,014,602**	3 932 364
Rest of World	**7,870,816**	5 284 146
	99,390,649	103 370 734

The Directors consider the Company to have one class of business book publishing and thus no analysis of turnover by class of business is provided

4 INFORMATION REGARDING EMPLOYEES AND DIRECTORS

The average monthly number of persons (including Directors) employed by the Company during the year was

	Year ended 31st December 2012	Year ended 31st December 2011
	Number	Number
UK Consumer Publishing	**173**	175
UK Educational Academic & Professional Publishing	**138**	142
	311	317
Staff costs (for the above persons)	**£**	£
Wages and salaries	**13,930,806**	13 476 258
Social security costs	**1,584,525**	1 457 951
Other pension costs	**4,750,877**	4 603 220
	20,266,208	19 537 429

The directors are also directors of either Hachette UK Limited Hachette UK (Holdings) Limited Orion Publishing Group Limited or Watts Publishing Group Limited Their emoluments cannot be allocated between the companies and have therefore been disclosed in the financial statements of Hachette UK Limited Hachette UK (Holdings) Limited Orion Publishing Group Limited or Watts Publishing Group Limited as appropriate

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st December 2012

5 OPERATING PROFIT

	Year ended 31st December 2012 £	Year ended 31st December 2011 £
Operating profit is stated after charging		
Amortisation		
Licenses and goodwill	338 957	13 939
Rentals under operating leases		
Other operating leases	339,876	349 448

The audit fee of £67 051 (2011 £64 890) was borne by the Company's parent Hachette UK Limited

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31st December 2012 £	Year ended 31st December 2011 £
UK corporation tax on profits in the year	2,345 447	206 854
Foreign tax suffered at source	87,516	79 235
	2,432,963	286 089
Deferred tax origination and reversal of timing differences	1,298	47 933
	2,434,261	334 022
Reconciliation of tax charge		
Tax on profits at UK standard rate of corporation tax 24.5% (2011 26 5%)	2,378,507	249 902
Capital allowances in excess of depreciation	(940)	(1 375)
Permanent differences	55,396	82 825
Other timing differences		(45 263)
	2 432 963	286 089

	31st December 2012 £	31st December 2011 £
The deferred tax included in the balance sheet is as follows		
Included in debtors (note 11)	3,889	5 187
Accelerated depreciation	3,888	5 187
Other timing differences		
	3,888	5 187
Deferred tax asset at the start of the year	5 187	53 120
Deferred tax charge in the profit and loss account for the year	(1 298)	(47 933)
Deferred tax asset at the end of the year	3,889	5 187

Deferred tax has been provided at 23% (2011 25%) which is the rate enacted to apply from 1 April 2013
Further deductions to the corporation tax rates have been announced in the March 2013 Budget and are expected to be substantively enacted in the Finance Act 2013 in July 2013 Within this 2013 Budget it was proposed to reduce the corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015 However as these reduced rates have not been substantively enacted by the Balance sheet date of 31 December 2012 they have not been reflected in these accounts

7 DIVIDENDS

	Year ended 31st December 2012 £	Year ended 31st December 2011 £
Amounts recognised as distributions to equity holders in the year		
Dividends paid in the year	1,000 000	2 500 000

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st December 2012

8 INTANGIBLE FIXED ASSETS

	Goodwill £	Intellectual property £	Total £
Cost			
At 1st January 2012	3 821 342	1 377 363	5 198 705
Additions		8 122 692	8 122 692
Disposal	(485 070)	(1 139 078)	(1 624 148)
At 31st December 2012	3 336 272	8 360 977	11 697 249
Accumulated amortisation			
At 1st January 2012		161 517	161 517
Charge for the year		338 957	338 957
Disposals		(91 821)	(91 821)
At 31st December 2012		408 653	408 653
Net book value			
At 31st December 2012	**3,336,272**	**7,952,324**	**11,288,596**
At 31st December 2011	3 821 342	1 215 846	5 037 188

In accordance with FRS 10 where goodwill is regarded as having an indefinite life it is not amortised but is subject to an annual test for impairment As permitted under FRS 10 this represents a departure for the purposes of giving a true and fair view from the requirements of the Companies Act 2006 which requires goodwill to be amortised

Since it is not possible to identify a finite useful life for goodwill on the purchases above it is not possible to quantify any amortisation which would be charged The application of an impairment test (which is carried out annually) supports the value of goodwill and as a result no charge for impairment is required at the balance sheet date

During the year the company purchased the Enid Blyton Estate from Chorion Limited for a consideration of £8 122 692 The length of the licence is 25 years and therefore is being amortised over this period

During the year the company sold its Higher Education and Health Sciences backlist This resulted in a profit on disposal of the RSM Goodwill Chapman and Hall list and Butterworths list of £6 853 322

9 INVESTMENTS

	Investments Total £
Cost	
At 1st January 2012	4 557 228
Additions	763 050
At 31 December 2012	5 320 278
Accumulated impairment	
At 1st January 2012 and at 31st December 2012	4 557 226
Net book value	
At 31st December 2012	**763,052**
At 31st December 2011	2

	Country of incorporation and operation	**Proportion of nominal value of issued shares held**	**Registered in**	**Principal activity**
New English Library Limited	Great Britain	100%	England and Wales	Dormant
Edward Arnold (Publishers) Limited	Great Britain	100%	England and Wales	Dormant
Chambers Publishing Limited	Great Britain	100%	England and Wales	Trading

10 STOCKS

	31st December 2012 £	31st December 2011 £
Raw materials and consumables		3 865
Work in progress	**1,209,644**	2 166 342
Finished goods and goods for sale	**6,560,478**	7 661 153
	7,770,122	9 831 360

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st December 2012

11 DEBTORS

	31st December 2012	31st December 2011
	£	£
Trade debtors	20,632,319	20 189 127
Amounts owed by group undertakings	1,506,881	2 915 202
Other debtors	20,950,145	15 206 397
Deferred tax	3,889	5 187
Prepayments and accrued income	585 147	540 333
	43,678,381	38 856 246

Other debtors include royalty advances paid to authors

12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31st December 2012	31st December 2011
	£	£
Trade creditors	1 055,919	7,572 778
Amounts owed to group undertakings	28,271,029	22 221 040
Other taxation and social security	13,649	13 985
Other creditors	11,057 133	12 335 042
Accruals and deferred income	10,672,234	5 424 902
	51 069 964	47 567 747

13 PENSION SCHEME

Pension Obligations
The Company operates a defined benefits scheme for the Hachette UK Limited Group and a number of defined contribution schemes for certain of its employees and for others makes contributions to their personal pension schemes

a) Defined benefits scheme

The Company participates in the Hodder Headline Staff Retirement Benefits Plan providing benefits based on final pensionable earnings for UK employees who are members As the directors are unable to identify the Company s share of the underlying assets and liabilities of the Scheme the costs in respect of the defined benefit scheme are charged to the profit and loss account on a contribution basis The Scheme is fully accounted for under IAS 19 in the Group financial statements of Lagardere SCA

In 2011 the decision was made to close the scheme to future accrual This resulted in a curtailment gain of £1 4m in 2011

At 31st December 2012 the Scheme had a net deficit after deferred taxation of £1 902 600 (31st December 2011 deficit of £6 078 451)

For the purposes of these financial statements these figures are only illustrative and do not impact on the results or the balance sheet of the company It should also be noted that these figures include a substantial proportion of pension assets and liabilities relating to other group companies which also participate in the Scheme

A full actuarial valuation was carried out at 31st December 2011 by a qualified independent actuary using the projected unit method and this was rolled forward for FRS17 purposes to 31st December 2012

Plan assets
The weighted average asset allocation at the year end was as follows

	31st December 2012	31st December 2011
Asset category		
Equities	23%	24%
Bonds	74%	65%
Real Estate	3%	3%
Other	0%	8%
	100%	100%

Weighted average assumptions used to determine benefit obligations at

	31st December 2012	31st December 2011
Discount rate	4.50%	4 70%
Rate of compensation increase	n/a	n/a
Rate of inflation	2 90%	2 90%

Weighted average assumptions used to determine net pension cost for the year ended

	31st December 2012	31st December 2011
Discount rate	4 70%	5 40%
Expected long term return on plan assets	4 70%	5 60%
Rate of compensation increase	n/a	3 70%
Rate of inflation	2 90%	3 20%

The net pension liability is made up as follows

	31st December 2012	31st December 2011
Total market value of assets	89,341 000	77 600 999
Present value of scheme liabilities	(91,861,000)	(85 871 000)
Deficit in the scheme	(2,520,000)	(8 270 001)
Related deferred tax asset	617,400	2 191 550
Net pension liability	(1,902 600)	(6 078 451)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st December 2012

13 PENSION SCHEME (continued)

b) Other schemes

The pension contributions payable by the Company in respect of defined contribution schemes and personal pension schemes amounted to £1 102 701 (year ended 31st December 2011 £668 165)

14 CALLED UP SHARE CAPITAL

	31st December 2012 and 31st December 2011 Number	£
Allotted called up and fully paid		
£1 ordinary shares	25 000	25 000

15 MOVEMENTS ON RESERVES

	Profit and loss account £
Balance at 1st January 2012	6 138,514
Profit for the financial year	7 273 930
Dividends paid (note 7)	(1 000 000)
Balance at 31st December 2012	12,412,444

16 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDER'S FUNDS

	Year ended 31st December 2012 £	Year ended 31st December 2011 £
Opening equity shareholder's funds	6,163,514	8 054 510
Profit for the financial year	7 273 930	609 004
Dividends paid (note 7)	(1,000 000)	(2 500 000)
Closing equity shareholder's funds	12 437 444	6 163 514

17 FINANCIAL COMMITMENTS

At 31st December 2012 the Company was committed to making the following payments during the next year in respect of non cancellable operating leases (all non property related)

	31st December 2012 £	31st December 2011 £
Leases which expire		
Within one year	69,943	22,557
Within two to five years	153,630	237 166
	223,573	259 723

18 PRIOR YEAR RESTATEMENT

The comparative information for the year ended 31 December 2011 has been restated in order to better classify the profit and loss account
This restatement impacts on turnover and other operating income
These restatements have no impact on net profit

19 ULTIMATE AND IMMEDIATE PARENT COMPANIES

Hachette UK Limited registered in England and Wales is the Company's immediate parent company

Lagardere SCA registered and incorporated in France (Head Office 4 rue de Presbourg 75116 Paris) is the Company's ultimate parent company and controlling entity

The accounts for the year ended 31st December 2012 were consolidated into the Group financial statements of Lagardere SCA

This is the largest and smallest group that includes the Company in its group accounts