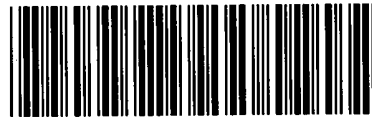


**JESSICA KINGSLEY (PUBLISHERS) LIMITED**

**Annual Report and Financial Statements**

**Year ended 31st December 2017**

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# JESSICA KINGSLEY (PUBLISHERS) LIMITED

## REPORT AND FINANCIAL STATEMENTS 2017

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# **JESSICA KINGSLEY (PUBLISHERS) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2017**

### **COMPANY INFORMATION**

#### **DIRECTORS**

D Shelley  
P de Cacqueray  
J Hodder-Williams

#### **SECRETARY**

P de Cacqueray

#### **REGISTERED OFFICE**

Carmelite House  
50 Victoria Embankment  
London EC4Y 0DZ

#### **COMPANY NUMBER**

02073602 (England and Wales)

#### **AUDITOR**

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

## **STRATEGIC REPORT**

The Directors present their strategic report for Jessica Kingsley (Publishers) Limited for the year ended 31st December 2017.

### **Review and Analysis of the Business During the Current Year**

The Company continued to trade as a book publisher throughout the current year.

On 29th November 2017 100% of the Company's share capital was acquired by Hachette UK Limited, and the Company is now part of the Hachette UK publishing group.

#### **Key performance indicators**

Management use a range of performance measures to monitor and manage the business. The performance measures are set out below:

Revenue, gross profit margin, distribution and administrative expenses as a percentage of revenue, profit before tax, profit after tax and cash.

#### **Development and financial performance during the year**

As reported in the Company's statement of comprehensive income, revenue has increased by 21% from £5,221,284 to £6,296,113 in the current year. This increase is as a result of a general increase in sales and fluctuations in the level of returns compared to last year.

Gross profit margin has increased from 62% in 2016 to 65% in 2017. This is mainly as a result of adjustments to calculate accounting estimates in line with the groups methodology.

Distribution costs as a percentage of revenue remain constant at 5% between 2016 and 2017.

Administrative expenses as a percentage of revenue have increased from 45% in 2016 to 47% in 2017, as a result of changes in accounting estimates.

There was a profit before taxation of £856,194 for the year ended 31st December 2017 compared with a profit before taxation of £653,034 for the year ended 31st December 2016. This increase in profit is mainly due to the increase in revenue.

Profit after tax has increased from £520,271 in 2016 to £685,150 in 2017.

#### **Financial position at the reporting date**

The statement of financial position shows that the Company's net assets at the year end have increased from £2,416,159 to £2,875,209. This is as a result of the Company's profit after tax for the year being higher than dividends being paid to shareholders. The Company's cash in hand and intercompany balances decreased by £232,536 in the year.

#### **Principal Risks and Uncertainties Facing the Business**

Jessica Kingsley (Publishers) Limited is part of the Hachette UK (Holdings) Group.

#### **Treasury Operations and Financial Instruments**

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

#### **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.

#### **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 group 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.

## STRATEGIC REPORT (cont.)

### Principal Risks and Uncertainties Facing the Business (cont.)

#### High street bookshop chains

Generalist high street bookshop retail chains across the world are facing strong competition from internet retailers, and particularly in the UK, alternate retail outlets such as supermarkets. The Company is not dependent upon any one sales channel or distributor for trade sales. We also anticipate that sales lost to bookshops will be substituted by sales made through other channels, such as internet physical sales, and also growth in e-book sales.

#### Change in technology

Worldwide sales of personal electronic e-book readers such as Amazon's Kindle and Apple's iPad have grown rapidly. The rising number of consumers owning these devices has driven a strong surge in the demand for downloadable books. The risks include that e-book downloads could substitute printed book purchases, and that authors might be unwilling to sell both the digital and print publishing rights. In addition, there is a risk of piracy, as e-books may be sold on sites without payment, or without authority. The Company seeks to mitigate these risks combining e-book rights into all our contracts. The Company also has sales relationships to sell its e-books through robust third party platforms and distributors. The Company has been an early adopter of e-book technology and has developed strategic alliances to ensure it continues to develop business in this area.

#### Growth of internet retailers

The increasing significance of internet retailers provides opportunities to generate additional revenues by selling a wider range of titles. Marketing must be aligned to the requirements of internet retailers, and the supplier must be able to react quickly to changes in consumer demand. The Company has sales teams who are dedicated to internet outlets. The Company also subcontracts printing of books to world class suppliers who have the capacity to accommodate "on demand" ordering whilst maintaining low costs.

#### Risk of litigation

The Company ensures all contractual and legal issues are considered fully and employs expert external advisers in this field to ensure that both the interests of the Company and its authors are safeguarded.

#### Recruitment, development, and retention of a quality team

The Company continues to maintain its positive and vibrant culture and an ethos that helps engender a quality workplace whilst nurturing an entrepreneurial spirit that will enable our staff to meet the challenges ahead. The Company's staff are an integral part of the Company's success story.

#### Title acquisition

This risk encompasses the payment of advances to authors to acquire new titles that subsequently remain unearned. The risk is mitigated by strong controls when considering the acquisition of rights to new titles which include an initial book contribution evaluation process, carried out and signed off at a senior level. New titles are supported by sales and marketing resources to ensure a successful launch. There is also a system of continuous review, analysis and feedback on title performance to better inform future acquisitions.

#### Protection of our intellectual property

The advent of e-books increases the existing risk of revenue being undermined by the unauthorised copying and publication of the Company's books by third parties. The protection of intellectual property across all jurisdictions and across different forms of media is a high priority. The Company's management work closely with professional advisors and internet specialists to ensure all intellectual property rights are safeguarded.

#### Future Developments

The Company will be looking for margin improvement and increased sales revenues in 2018 to generate higher profits over the 2017 performance.

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



P de Cacqueray  
Director

30th May 2018

## **DIRECTORS' REPORT**

The Directors present their Annual Report and Financial Statements for the year ended 31st December 2017.

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 2 and 3. These matters relate to the principal activity, business review, and principal risks and uncertainties.

### **Financial Instruments**

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.

### **Dividends**

The Company paid dividends of £268,260 in the year ended 31st December 2017 (year ended 31st December 2016: £178,200).  
The directors recommend a final dividend to be paid in 2018 of £2,500,000.

### **Directors**

The names of the present Directors of the Company are shown on page 1. Changes in directors during the year are shown below.

P de Cacqueray (appointed 30th November 2017)  
D Shelley (appointed 30th November 2017)  
J Hodder-Williams (appointed 30th November 2017)  
J Kingsley (resigned 30th November 2017)  
O A Kingsley (resigned 30th November 2017)  
J K Kingsley (resigned 30th November 2017)  
F J Roney (resigned 30th November 2017)  
M C Scott (resigned 30th November 2017)

### **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.

### **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

30th May 2018

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, 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 Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 year. 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 members of Jessica Kingsley (Publishers) Limited

#### Opinion

We have audited the financial statements of Jessica Kingsley (Publishers) Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including 'Financial Reporting Standard 101 "Reduced Disclosure Framework"'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Use of the audit report

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.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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 Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

**INDEPENDENT AUDITOR'S REPORT (continued)**

**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



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: 7 June 2018

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31st December 2017**

	Notes	Year ended 31st December 2017	Year ended 31st December 2016
		£	£
<b>REVENUE</b>	<b>4</b>	<b>6,296,113</b>	<b>5,221,284</b>
Cost of sales		(2,205,388)	(1,973,128)
<b>GROSS PROFIT</b>		<b>4,090,725</b>	<b>3,248,156</b>
Distribution costs		(288,577)	(240,802)
Administrative expenses		(2,953,193)	(2,362,439)
<b>OPERATING PROFIT</b>	<b>7</b>	<b>848,955</b>	<b>644,915</b>
Finance income	<b>6</b>	<b>7,239</b>	<b>8,119</b>
<b>PROFIT BEFORE TAXATION</b>		<b>856,194</b>	<b>653,034</b>
Taxation	<b>8</b>	<b>(171,044)</b>	<b>(132,763)</b>
<b>PROFIT FOR THE YEAR</b>		<b>685,150</b>	<b>520,271</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>685,150</b>	<b>520,271</b>

All results are derived from continuing operations.

The notes on pages 11 to 18 form an integral part of these financial statements.

# JESSICA KINGSLEY (PUBLISHERS) LIMITED

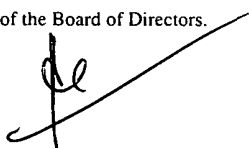
## STATEMENT OF FINANCIAL POSITION 31st December 2017

	Notes	As at 31st December 2017	As at 31st December 2016
		£	£
<b>NON-CURRENT ASSETS</b>			
Tangible fixed assets	10	11,289	22,768
Investment in subsidiary undertakings	11	63	63
Deferred tax	8	5,908	5,908
		<u>17,260</u>	<u>28,739</u>
<b>CURRENT ASSETS</b>			
Inventories	12	624,526	410,781
Trade and other receivables	13	2,055,696	1,207,145
Cash and cash equivalents		<u>1,997,155</u>	<u>1,837,364</u>
		<u>4,677,377</u>	<u>3,455,290</u>
<b>TOTAL ASSETS</b>		<u>4,694,637</u>	<u>3,484,029</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	(1,599,079)	(891,990)
Current tax liabilities		(164,349)	(131,880)
Provisions	15	(56,000)	(44,000)
<b>NET ASSETS</b>		<u>2,875,209</u>	<u>2,416,159</u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	17	105	100
Share Premium	17	42,155	-
Retained earnings		<u>2,832,949</u>	<u>2,416,059</u>
<b>EQUITY SHAREHOLDER'S FUNDS</b>		<u>2,875,209</u>	<u>2,416,159</u>

The notes on pages 11 to 18 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 30th May 2018.

Signed on behalf of the Board of Directors.  
P de Cacqueray  
Director



**JESSICA KINGSLEY (PUBLISHERS) LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**31st December 2017**

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1st January 2016	100	-	2,073,988	2,074,088
Profit for the year	-	-	520,271	520,271
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>520,271</b>	<b>520,271</b>
Dividends paid	-	-	(178,200)	(178,200)
<b>At 31st December 2016</b>	<b>100</b>	<b>-</b>	<b>2,416,059</b>	<b>2,416,159</b>
Profit for the year	-	-	685,150	685,150
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>685,150</b>	<b>685,150</b>
Dividends paid	-	-	(268,260)	(268,260)
Allotted shares	5	42,155	-	42,160
<b>At 31st December 2017</b>	<b>105</b>	<b>42,155</b>	<b>2,832,949</b>	<b>2,875,209</b>

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31st December 2017

**1 CORPORATE INFORMATION**

Jessica Kingsley (Publishers) Limited is a Company incorporated in the United Kingdom. The registered address of the Company is given on page 1. The principal operations of the Company are included in the strategic report on page 2.

**2 ACCOUNTING POLICIES****2.1 Basis of preparation****Statement of compliance**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with the applicable provisions of the Companies Act 2006. Except for certain disclosure exemptions detailed below, the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (EU-adopted IFRSs) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ('Regulations').

This is the first year the Company has prepared its financial statements in accordance with FRS 101. No restatement of the financial information as at 1st January 2016 (being the date of transition) and for the year ended 31st December 2016 was applicable to comply with FRS 101, as per note 21.

IFRS 1 permits the Company to take advantage of certain exemptions from applying the requirements on a fully retrospective basis as at the date of transition in certain instances. The Company has chosen to apply the following exemptions which are permitted under IFRS 1.

**Disclosure exemptions applied**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101 paragraph 8:

- a) The requirement of IFRS 7 'Financial Instruments: Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;
- b) The requirement of IFRS 13 'Fair Value Measurement' paragraphs 91 to 99 relating to the fair value measurement disclosures of financial assets and financial liabilities that are measured at fair value, such as the available for sale investments and derivative financial instruments;
- c) The applicable requirements of IAS 36 'Impairment of Assets' relating to the disclosures of estimates used to measure recoverable amounts;
- d) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79(a)(iv)), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73 (e)) and the reconciliation of the carrying amount of intangible assets (IAS 18 (118)(e));
- e) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to disclosure of capital management policies and objectives;
- f) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d), 111 relating to the presentation of a Cash Flow Statement;
- g) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective; and
- h) The requirement of IAS 24 'Related Party Disclosures' paragraph 17 relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the Company and other wholly-owned subsidiaries of the group.

For the disclosure exemptions listed in points a) and c), the equivalent disclosures are included in the consolidated financial statements of the group, Lagadere SCA which the Company is consolidated into.

**Basis of measurement**

The financial statements have been prepared on the historical cost basis.

**Consolidated financial statements**

The Company is exempt from the requirement to prepare consolidated financial statements under Section 400 of the Companies Act 2006. Consolidated financial statements are prepared by Lagadere SCA, the ultimate parent undertaking, incorporated in France and are available from the address set out in Note 19. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

**Going concern**

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they have continued to adopt the going concern basis of accounting in preparing the financial statements.

**Functional and presentational currency**

The Company's functional currency is GBP Sterling, as this is the currency of the primary economic environment of that in which the Company operates. The financial statements are presented in GBP Sterling.

**Use of estimates and judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, as per accounting policy 2.10. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31st December 2017****2 ACCOUNTING POLICIES (continued)****2.2 Foreign currency**

Transactions denominated in foreign currencies are recorded at the spot exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at each reporting date are translated into the functional currency at the spot exchange rates at that date. Foreign currency translation differences arising on translation are recognised in the statement of comprehensive income.

**2.3 Revenue**

Revenue comprises the gross value of goods supplied, exclusive of VAT, after deduction of provisions for returns. Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be measured reliably.

**2.4 Financial instruments****Financial assets carried at amortised cost**

Financial assets are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value plus directly attributable transaction costs.

Financial assets carried at amortised cost are classified as loans and receivables and comprise trade and other receivables and cash and cash equivalents. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimates future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

**Financial liabilities carried at amortised cost**

These financial liabilities include trade and other payables and interest bearing loans and borrowings.

Financial liabilities are initially recognised at fair value adjusted for any directly attributable transaction costs.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

**2.5 Property, plant and equipment**

Property, plant and equipment is recognised as an asset only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost of an item of property, plant and equipment comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an initial estimate of the cost of dismantling and remove the asset and restoring the site on which it is located.

After recognition, all property, plant and equipment are carried at costs less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at rates calculated to write down the costs of assets, less estimated residual value, over their expected useful lives on the following basis:

Fixture and fittings	25% straight line
Computer equipment	25-33% straight line

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31st December 2017

**2 ACCOUNTING POLICIES (continued)****2.6 Income tax**

Current income tax assets and/or liabilities comprise obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid/due at the reporting date. Current tax is payable on taxable profits, which may differ from profit or loss in the financial statements. Calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). However, for deductible temporary differences associated with investments in subsidiaries a deferred tax asset is recognised when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

**2.7 Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost of inventories comprises all costs incurred in bringing each product to its present location and condition, as follows:

Goods for resale	- purchase cost
Work in progress and finished goods	- cost of direct materials

Cost is determined on a first-in, first-out ("FIFO") basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**2.8 Pension costs**

The Company participates in a defined contribution pension scheme where pension contributions are charged against profits in the accounting period in which they arise.

**2.9 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

**2.10 Significant management judgments in applying accounting policies and estimation uncertainty**

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

**Estimation uncertainty**

Information about estimates and assumptions that have the most significant effect on the recognition of assets, liabilities, income and expenses is provided below.

*Impairment of goodwill and other non-financial assets*

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and where applicable, using an interest rate to discount them. Estimation uncertainty relates to the assumptions about future operating results and the determination of a suitable discount rate.

*Returns provision*

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.

*Royalty advances provision*

Unearned royalty advances are written down to the extent that they are not expected to be covered by estimated future earnings.

*Stock provision*

Old and obsolete stock is written down to the extent that they are not expected to be sold, in line with group policy.

**2.11 Adoption of new and revised standards**

The following standards and interpretations have been adopted in the financial statements as they are mandatory for the year ended 31st December 2017:

	EU effective date Periods beginning on or after
Amendment to IAS 12 Income Taxes: Recognition of deferred tax assets for unrealised losses	1st January 2017
Annual Improvements to IFRSs (2014 - 2016): Clarification of the scope of IFRS 12 Disclosure of Interests in Other Entities	1st January 2017

The adoption of the standards and interpretations above has not had a material impact on the Company's financial statements.

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31st December 2017****3 RELATED PARTIES**

The Company has taken advantage of the exemption offered by FRS 101 from the requirements of paragraph 17 of IAS 24 'Related Party Disclosures' not to disclose key management personnel compensation and from the requirements in IAS 24 'Related Party Disclosures' not to disclose related party transactions entered into between two or more members of a group.

Included in other creditors is £nil (2016: £56,374) owed to a previous director of the company, Jessica Kingsley. During the year, dividends amounting to £268,260 (2016: £178,200) were declared to a previous director of the company, Jessica Kingsley.

**4 REVENUE**

Analysis by geographical area:

	Year ended 31st December 2017 £	Year ended 31st December 2016 £
United Kingdom	4,048,147	3,252,522
Australia and New Zealand	233,426	197,071
Continental Europe	83,461	86,497
North America	1,741,317	1,521,082
Asia	13,122	10,279
Rest of World	176,640	153,833
<b>Total revenue from sales of goods</b>	<b>6,296,113</b>	<b>5,221,284</b>

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.

**5 INFORMATION REGARDING EMPLOYEES AND DIRECTORS****Number of employees**

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

	Year ended 31st December 2017 Number	Year ended 31st December 2016 Number
Book publishing	43	40

**Employment costs**

	Year ended 31st December 2017 £	Year ended 31st December 2015 £
Wages and salaries	1,580,938	1,352,058
Social security costs	164,323	135,136
Other pension costs	82,177	62,727
	<b>1,827,438</b>	<b>1,549,921</b>

**Directors' remuneration**

	£	£
Total emoluments	352,209	358,937
Total pension contributions	47,187	47,200
	<b>399,396</b>	<b>406,137</b>

**Highest paid director**

The amounts shown above for Directors' remuneration include the following in respect of the highest paid director:

Emoluments	139,656	146,654
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Emolument of directors who are also directors of either Hachette UK Limited or Hachette UK (Holdings) Limited have not been disclosed. The group wide emoluments for those Company directors have been disclosed in the financial statements of Hachette UK Limited or Hachette UK (Holdings) Limited, as appropriate.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December 2017

## 6 FINANCE INCOME

	Year ended 31st December 2017 £	Year ended 31st December 2016 £
Interest receivable from group undertakings	6,157	5,984
Other interest receivable and similar income	1,082	2,135
	<u>7,239</u>	<u>8,119</u>

## 7 OPERATING PROFIT

	Year ended 31st December 2017 £	Year ended 31st December 2016 £
Operating profit is stated after charging:		
Depreciation - owned assets	17,667	25,081
Other operating lease rentals	150,162	152,633
Foreign exchange loss	<u>56,717</u>	<u>-</u>

The audit fee of £9,000 (2016: £nil) was borne by the Company's sister company, Hachette UK Limited and has been incorporated into group recharges.

Fees for other non-audit services of £5,904 (2016: £nil) were also borne by Hachette UK Limited.

## 8 INCOME TAX

	Year ended 31st December 2017 £	Year ended 31st December 2016 £
<b>Current income tax:</b>		
Tax for the current year	171,044	136,239
Foreign tax suffered at source	-	-
	<u>171,044</u>	<u>136,239</u>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	-	(3,476)
<b>Total tax expense</b>	<u>171,044</u>	<u>132,763</u>

## Reconciliation of tax charge:

Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	164,817	130,607
Non-qualifying depreciation and amortisation	-	1,076
Other disallowable expenditure	6,227	4,469
Unrelieved foreign tax	-	(3,389)
<b>Total tax expense</b>	<u>171,044</u>	<u>132,763</u>

	Year ended 31st December 2017 £	Year ended 31st December 2016 £
The deferred tax included in the statement of financial position is as follows	<u>5,908</u>	<u>5,908</u>
Accelerated depreciation	<u>5,908</u>	<u>5,908</u>
Total recognised deferred tax asset	<u>5,908</u>	<u>5,908</u>
Deferred tax asset at the start of the year	5,908	2,432
Deferred tax charge in the statement of comprehensive income for the year	-	3,476
	<u>5,908</u>	<u>5,908</u>

Deferred tax has been provided at 19% (year ended 31st December 2016: 19%) which is the rate enacted to apply from 1 April 2018.

## 9 DIVIDENDS

	Year ended 31st December 2017 £	Year ended 31st December 2016 £
Amounts recognised as distributions to equity holders in the year:		
Dividends paid in the year	<u>268,260</u>	<u>178,200</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31st December 2017**

**10 TANGIBLE FIXED ASSETS**

	Fixtures and Fittings £	Computer Equipment £	Total £
Cost :			
At 1st January 2017	73,656	168,439	242,095
Additions	-	6,756	6,756
Disposals	(12,175)	(514)	(12,689)
At 31st December 2017	61,481	174,681	236,162
Accumulated amortisation :			
At 1st January 2017	64,700	154,627	219,327
Charge for the year	7,675	9,992	17,667
Disposals	(11,964)	(157)	(12,121)
At 31st December 2017	60,411	164,462	224,873
Net book value :			
At 31st December 2017	1,070	10,219	11,289
At 31st December 2016	8,956	13,812	22,768

**11 INVESTMENT IN SUBSIDIARY UNDERTAKINGS**

		Shares in subsidiary undertakings £
Cost and net book value:		
At 1st January and 31st December 2017		63
Name	Class of shares	Shareholding
Jessica Kingsley Publishing Inc	Ordinary	100%

Jessica Kingsley Publishing Inc is a trading company registered in the United States of America.

The aggregate of the share capital and reserves as at 31 December 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Loss £
Jessica Kingsley Publishing Inc	13,142	(880)

The principal activity of Jessica Kingsley Publishing Inc. was that of a publishing company.

The results of Jessica Kingsley Publishing Inc. are based on the draft financial statements for the year ended 31st December 2017.

**12 INVENTORIES**

	As at 31st December 2017 £	As at 31st December 2016 £
Finished goods and goods for sale	624,526	410,781

There is no material difference between the carrying value of inventory and replacement costs.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31st December 2017**

**13 TRADE AND OTHER RECEIVABLES**

	As at 31st December 2017 £	As at 31st December 2016 £
Trade receivables	1,407,932	593,924
Amounts owed by group undertakings	121,850	514,177
Other receivables	431,360	30,219
Prepayments and accrued income	94,554	68,825
	<u>2,055,696</u>	<u>1,207,145</u>

All amounts are due on demand or within one year.

**14 TRADE AND OTHER PAYABLES**

	As at 31st December 2017 £	As at 31st December 2016 £
<b>Trade and other payables:</b>		
Trade payables	384,449	238,139
Social security and other taxes	-	105,455
Other payables	585,666	451,297
Accruals and deferred income	628,964	97,099
	<u>1,599,079</u>	<u>891,990</u>

**15 PROVISIONS**

	£
At 1st January 2017:	
Current	<u>44,000</u>
Charge for the year	12,000
At 31st December 2017	<u>56,000</u>

**16 PENSION ARRANGEMENTS**

The Company operates a defined contribution pension plan. The assets of the plan are held separately from those of the Company in an independently administered fund. The pension cost charge representing contributions by the Company to the fund during the year amounted to £82,178 (2016: £62,727).

**17 CALLED UP SHARE CAPITAL**

	As at 31st December 2017		As at 31st December 2016
	Number	£	Number
<b>Allotted, called up and fully paid</b>			
1p ordinary A shares	7,500	75	7,500
1p ordinary B shares	3,027	30	2,500
	<u>10,527</u>	<u>105</u>	<u>10,000</u>

On 29th November 2017 527 B Ordinary shares were issued for an aggregate consideration of £42,160.

**18 FINANCIAL COMMITMENTS**

**Operating lease agreements where the Company is lessee**

The Company has entered into commercial leases on certain properties, motor vehicles and items of machinery. These leases have an average duration of between 3 and 15 years. There are no restrictions placed upon the lessee by entering into these leases.

At 31st December 2017, the Company was committed to making the following annual payments during the next year in respect of non-cancellable operating leases.

	Land and buildings	
	31st December 2017 £	31st December 2016 £
Less than one year	76,658	158,080
Between one and five years	-	76,658
	<u>76,658</u>	<u>234,738</u>

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31st December 2017****19 COMPARATIVE INFORMATION**

The directors have revised the allocation of the deferred tax between trade and other receivables and deferred tax on the statement of financial position. The directors have also revised the allocation of the dilapidations provision between accruals and deferred income and provisions. The comparative information has been amended to ensure consistent presentation.

**20 ULTIMATE AND IMMEDIATE PARENT COMPANIES**

The Company's immediate parent undertaking is Hachette UK Limited, a company incorporated in England and Wales.

The ultimate parent company is Lagardere SCA, a company incorporated in France. This is also both the largest and smallest group which includes the company and for which consolidated accounts are prepared. Copies of the group accounts of Lagardere SCA are available from 4 Rue de Presbourg, 75116, Paris 16, France.

**21 FIRST YEAR ADOPTION OF FRS 101**

The policies applied under FRS101 are not materially different to those under FRS102 and have not impacted the reserves at 1st January 2016 or the profit for the year ended 31st December 2016.