

Phaidon Press Limited

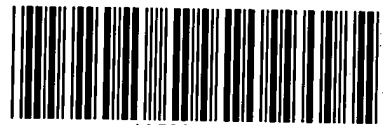
Directors Report and Financial Statements

Year Ended

30 June 2015

Company Number 2525791

FRIDAY



A530LEOY

A13

18/03/2016

#165

COMPANIES HOUSE

Phaidon Press Limited

**Report and financial statements
for the year ended 30 June 2015**

Contents

Page:

1	Strategic report
3	Report of the directors
5	<i>Independent auditor's report</i>
7	Consolidated profit and loss account
8	Consolidated statement of total recognised gains and losses
9	Consolidated balance sheet
10	Company balance sheet
11	Consolidated cash flow statement
12	Notes forming part of the financial statements

Directors

P Ruppel
K L Fox
J H Booth-Clibborn
B Black
B Cohen
B Wechsler

Secretary and registered office

J M Whale, Regent's Wharf, All Saints Street, London, N1 9PA

Company number

2525791

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Phaidon Press Limited

Strategic report for the year ended 30 June 2015

The directors present their strategic report together with the audited financial statements for the year ended 30 June 2015.

Principal activities

The Company and Group are engaged in the publishing and sale of books and digital products on the visual arts, lifestyle and culture throughout the world. There has been no change in the Company and Group's principal activities in the year under review.

Review of the business

The profit and loss account is set out on page 7 and shows turnover for the year of £22.3m (2014 - £21.3m) and an operating loss for the year of £4.2m (2014 - £1.2m). Operating loss on ordinary activities before interest was £4.2m (2014 - £1.2m).

The overall increase in turnover is attributable to a strong performance in the UK and North American markets. Continuing investment in key markets and activities has resulted in an operating loss in the year.

In the year ended June 2014 exceptional income of £2.5m was received for compensation on termination of a contractual arrangement.

Despite a year of encouraging revenue growth, the company reported a loss for the year. The loss is due to an increase in investment in the company, an investment in the resources and infrastructure required to support the three year growth plan.

Future outlook

During 2015/16 the Group will continue to publish its high quality books under its own imprint in English and other languages. It is increasing the number of non-English language titles published in Europe and will also seek to increase and further develop its non-English language co-edition business. The expanded new title publishing programme is expected to lead to a considerable reduction in the operating losses in 2015/16 and an operating profit in the years beyond.

Principal risks and uncertainties

The worldwide market for illustrated books remains highly competitive and the general book retail markets worldwide continue to face severe challenges from internet retailers. The Group seeks to manage its exposure to any market and market channel by ensuring that its product range is diverse and that its books are sold in multiple markets and market channels around the world. As a market leader in niche subject areas the directors believe it is as well positioned as it can be to react effectively to economic conditions.

Sales to markets around the world are predominantly made in the local currency leaving the group exposed to currency shifts, predominantly Sterling to Euros and US Dollar exchange rates. The exposure is managed through natural hedges whereby the printing of books and other costs are matched by currency as closely as possible with expected inflows.

The Group's credit risk is primarily attributable to its trade debtors. Credit risk is managed through maintaining credit limits on all primary customers, dealing predominantly with major distributors worldwide and monitoring payments against contractual agreements.

Phaidon Press Limited

Strategic report (*continued*)
for the year ended 30 June 2015

The Group monitors cash flow as part of its day to day control procedures. The Board considers cash flow forecasts on a monthly basis and ensures that appropriate facilities are available to be drawn upon where necessary.

Key performance indicators

The board utilises a number of key performance indicators to enable a consistent method of analysing performance and to assist in developing strategy.

The main financial KPI used by management is the gross profit margin as it is a strong indicator that the Group's overall pricing strategy is correct and that it is also maintaining strong cost controls in relation to the development and production of its products. The gross profit margin for the year ended 30 June 2015 was 45% (2014 - 43%).

The stock turnover ratio is a useful indicator of effective working capital management within the Group. A higher ratio indicates that the Group is producing the correct quantity of products and selling them effectively. The stock turnover ratio for 2015 was 0.74 (2014 - 0.77).

Approval

This strategic report was approved on behalf of the Board on 28 January 2016.


K Fox

Director

Phaidon Press Limited

Report of the directors for the year ended 30 June 2015

The directors present their report together with the audited financial statements for the year ended 30 June 2015.

Directors

The current directors, who served during the year and those in office at 30 June 2015, were:

K L Fox	
J H Booth-Clibborn	
E Alexanderson	
P Ruppel	(appointed 25/06/2015)
D Aaronson	(resigned 18/06/2015)
J Murphy	(resigned 18/06/2015)
A J Price	(resigned 25/06/2015)
E Terragni	(resigned 25/06/2015)

Bradley Wechsler, Barry Cohen and Benjamin Black were appointed as directors on 1st November 2015.

Directors' interests

As at 30 June 2015, no directors held any interests in the share capital of the business.

Dividends

The directors do not recommend payment of a dividend (2014 - £Nil).

Strategic Report

The strategic report on the preceding pages provides information regarding the future developments of the company, risks and uncertainties and key performance indicators.

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 the group and company 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 group and company and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Phaidon Press Limited

Report of the directors for the year ended 30 June 2015

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.

Employment policies

It is the policy of the Company that there should be no unfair discrimination in considering applications for employment, including those from disabled persons. Should any employee become disabled every practical effort will be made to provide continued employment.

The directors are committed to maintain and develop communication and consultation procedures with employees, who in turn are encouraged to become aware of and involve themselves in the performance of the Company.

Going Concern

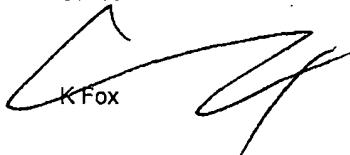
The directors have reviewed the Group's cash flow forecasts for the next 12 months and beyond. Phaidon Press Limited has sufficient funds in place to finance the business. Phaidon Global LLC, one of the holding companies of Phaidon Press Limited, has indicated that it will support the company for the foreseeable future. As a result, the directors consider the business to have adequate access to finance, and consider the business to be a going concern.

Auditors

All of the current directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are not aware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board



K Fox

CEO

Date 28/01/2016

Phaidon Press Limited

Independent auditor's report

TO THE MEMBERS OF PHAIDON PRESS LIMITED

We have audited the financial statements of Phaidon Press Limited for the year ended 30 June 2015 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement, 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).

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC'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 group's and the parent company's affairs as at 30 June 2015 and of the group's loss 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 other matters 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.

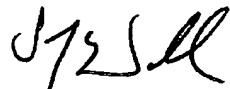
Phaidon Press Limited

Independent auditor's report (*continued*)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements 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.



Scott McNaughton, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date 28 January 2016.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Phaidon Press Limited

Consolidated profit and loss account for the year ended 30 June 2015

	Note	2015 £'000	2014 £'000
Turnover	2	22,259	21,303
Cost of sales		(12,263)	(12,167)
Gross profit		9,996	9,136
Distribution costs		(8,360)	(8,064)
Administrative expenses		(5,833)	(4,762)
Exceptional Items	5	-	2,500
Operating loss on ordinary activities before interest	6	(4,197)	(1,190)
Interest receivable and similar income	7	2	2
Interest payable and similar charges	8	(130)	(106)
Loss on ordinary activities before tax		(4,325)	(1,294)
Taxation on profit on ordinary activities	9	(10)	84
Loss for the financial year	19,20	(4,335)	(1,210)

Turnover and operating loss derive entirely from continuing operations.

The company has taken advantage of Section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. Of the consolidated loss on ordinary activities after tax of £4,334,817 (2014 - £1,209,814), a loss of £3,842,741 (2014 - £860,046) is attributable to the UK parent company.

The notes on pages 12 to 27 form part of these financial statements.

Phaidon Press Limited

Consolidated statement of total recognised gains and losses for the year ended 30 June 2015

	Note	2015 £'000	2014 £'000
Loss for the financial year		(4,335)	(1,210)
Currency translation differences on retranslation of net assets of subsidiary undertakings	19/20	225	343
Total comprehensive income relating to the year		(4,110)	(867)

The notes on pages 12 to 27 form part of these financial statements.

Phaidon Press Limited

Company balance sheet at 30 June 2015

Company number 2525791	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Tangible assets	10		310		414
Investments	11		95		95
Deferred taxation	16		332		335
			<u>737</u>		<u>844</u>
Current assets					
Stocks	12	11,628		10,803	
Debtors	13	4,570		4,223	
Cash at bank and in hand		967		1,078	
		<u>17,165</u>		<u>16,104</u>	
Creditors: amounts falling due within one year					
Other creditors	14	(6,099)		(5,969)	
Net current assets			<u>11,066</u>		<u>10,135</u>
Total assets less current liabilities			<u>11,803</u>		<u>10,979</u>
Creditors: amounts falling due after more than one year					
	15		(7,251)		(2,584)
			<u>4,552</u>		<u>8,395</u>
Capital and reserves					
Called up share capital	17		60		60
Pre-paid share capital	17		-		-
Share premium	19		6,111		6,111
Profit and loss account	19		(1,619)		2,224
Shareholders' funds	20		<u>4,552</u>		<u>8,395</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 January 2016.

K Fox

P Ruppel

Directors

The notes on pages 12 to 27 form part of these financial statements.

Phaidon Press Limited

Consolidated balance sheet at 30 June 2015

Company number 2525791	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Tangible assets	10		627		724
Deferred Taxation	16		343		345
			<u>970</u>		<u>1,069</u>
Current assets					
Stocks	12	11,628		10,803	
Debtors	13	6,484		5,588	
Cash at bank and in hand		1,128		1,403	
		<u>19,240</u>		<u>17,794</u>	
Creditors: amounts falling due within one year					
Other creditors	14	(7,340)		(6,696)	
		<u>11,900</u>		<u>11,098</u>	
Net current assets			<u>11,900</u>		<u>11,098</u>
Total assets less current liabilities			<u>12,870</u>		<u>12,167</u>
Creditors: amounts falling due after more than one year					
	15		(9,162)		(4,349)
			<u>3,708</u>		<u>7,818</u>
Capital and reserves					
Called up share capital	17		60		60
Pre-paid share capital	17		-		-
Share premium	19		6,111		6,111
Profit and loss account	19		(2,463)		1,647
Shareholders' funds	20		<u>3,708</u>		<u>7,818</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 January 2016.

K Fox

P Ruppel

Directors

The notes on pages 12 to 27 form part of these financial statements.

Phaidon Press Limited

Consolidated cash flow statement for the year ended 30 June 2015

	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Net cash inflow from operating activities	22		(4,404)		1,441
Returns on investments and servicing of finance					
Interest received	7	2		2	
Interest paid	8	(17)		(49)	
Net cash outflow from returns on investments and servicing of finance			(15)		(47)
Taxation					
Tax paid	9		(8)		-
Capital expenditure and financial investment					
Purchase of tangible fixed assets	10		(125)		(726)
Net cash outflow before financing activities			(4,522)		668
Financing					
Shareholder loan			4,277		2,529
(Decrease)/increase in cash	23,24		(275)		3,197

The notes on pages 12 to 27 form part of these financial statements.

Phaidon Press Limited

Notes forming part of the financial statements for the year ended 30 June 2015

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The directors consider that the accounting policies set out below are suitable, have been consistently applied and are supportable by reasonable and prudent judgements and estimates.

The following principal accounting policies have been applied:

Basis of consolidation

The Group financial statements comprise the consolidated financial statements of the company and its subsidiaries which have been consolidated using the acquisition method of accounting.

Turnover

Turnover is the sales income receivable by the Group net of value added and other sales tax. Publisher income is recognised at the time of delivery. Books are generally sold on a sale or return basis, and sales are shown net of provisions made at the balance sheet date for potential returns of books recorded as sold. Retail income is recognised at the time of sale.

Depreciation

Straight line depreciation is provided on tangible fixed assets sufficient to write off their cost to their estimated residual value over their estimated useful economic lives. Estimated useful economic lives currently in use are:

Warehouse fixtures and equipment	- 5 to 10 years
Leasehold improvements	- over the period of the lease
Office and store fixtures and equipment	- 5 to 50 years
Motor vehicles	- 5 years
Website	- 3 to 5 years

Stock and Work in progress

Stock is valued at the lower of cost and net realisable value. For the purpose of determining unit costs of published books all costs associated with the preparation of each individual print run are allocated evenly across books produced in that printing.

Work in progress comprises third party expenditure on title development, for titles not yet printed and is valued at cost.

Royalties

Royalty costs are matched to sales of the title to which they relate. Royalty advances paid but not yet covered by royalties earned are recorded as an asset unless they are considered irrecoverable.

Phaidon Press Limited

Notes forming part of the financial statements
for the year ended 30 June 2015 (*continued*)

1 Accounting policies (*continued*)

Foreign currency

Transactions undertaken in a foreign currency are translated to sterling at the exchange rate ruling on the day of the transaction. Assets and liabilities in the balance sheet stated in foreign currencies are translated to sterling at the exchange rate ruling on the balance sheet date.

The results of the overseas operations have been translated at the average rate of exchange through the period whilst their balance sheets have been translated at the rate of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets of foreign subsidiary undertakings are taken to reserves.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Pension costs

Contributions are made to either employees' personal pension schemes or the Company Personal Pension scheme, dependent on the employee's choice. The Company Personal Pension Scheme is a defined contribution scheme.

Leases

Rentals payable under operating leases are charged to the income statement as incurred over the lease term.

2 Turnover

The group's entire business is the publishing and sale of books, stationary and related applications, along with associated income.

It is the opinion of the directors that the disclosure of turnover by geographical market would be prejudicial to the interests of the company.

Phaidon Press Limited

**Notes forming part of the financial statements
for the year ended 30 June 2015 (continued)**

3 Employees

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Staff consists of:				
Wages and salaries	6,780	5,875	3,775	3,859
Social security costs	683	579	373	405
Other pension costs	151	142	87	92
	<u>7,614</u>	<u>6,596</u>	<u>4,235</u>	<u>4,356</u>

During the year the Group employed an average of 124 people (2014 - 131). The company employed an average of 92 people (2014 - 95).

	Group 2015	Group 2014	Company 2015	Company 2014
The following numbers were employed at the year ends				
Book production	46	47	36	41
Sales and distribution	47	55	32	36
Administration	28	26	20	21
	<u>121</u>	<u>128</u>	<u>88</u>	<u>98</u>

4 Directors

The emoluments, excluding pension contributions, of the directors during the year were £1,613,262 (2014 - £1,169,321). Payments for loss of office were £nil (2014 - £84,723). Company contributions paid to personal pension schemes totalled £8,466 (2014 - £18,356). Two directors were members of personal pension schemes (2014 - four).

The amounts in respect of the highest paid director are as follows:

	2015 £'000	2014 £'000
Emoluments	<u>712</u>	<u>523</u>

Phaidon Press Limited

Notes forming part of the financial statements
for the year ended 30 June 2015 (*continued*)

5 Exceptional Items

The exceptional items, operating charges and income that are one off in nature, included in operating profit relate to the following items.

In the prior year, exceptional income of £2,500,000 was received for compensation on termination of a contractual arrangement.

6 Operating profit

	2015 £'000	2014 £'000
This has been arrived at after charging:		
Depreciation of tangible fixed assets	245	160
Amortisation of intangible fixed assets	-	36
Impairment of tangible fixed assets	-	437
Auditors' remuneration		
- statutory audit services	82	60
- tax services	26	26
- other services	20	13
Foreign exchange loss	980	35
Operating lease costs (land and buildings)	893	770
	<hr/>	<hr/>

7 Interest receivable and similar income

	2015 £'000	2014 £'000
Interest receivable on bank deposits	2	2
	<hr/>	<hr/>

8 Interest payable and similar charges

	2015 £'000	2014 £'000
Interest payable on loans	130	106
	<hr/>	<hr/>

Phaidon Press Limited

Notes forming part of the financial statements
for the year ended 30 June 2015 (*continued*)

9 Taxation

	2015 £'000	2014 £'000
<i>Current taxation</i>		
UK corporation tax at 20.75% (2014 – 22.5%):		
On profit for the year	-	-
Losses in period carried back to prior year	-	-
Overprovision in prior periods	-	-
Overseas taxation:		
On profit for the year	-	1
Overprovision in prior periods	8	(1)
	<hr/>	<hr/>
Total current tax charge/(credit)	8	-
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(24)	(116)
Adjustments in respect of prior periods	-	-
Effect of tax rate change on opening balance	26	32
	<hr/>	<hr/>
Total deferred tax charge/(credit)	2	(84)
	<hr/>	<hr/>
Tax on profit on ordinary activities	10	(84)
	<hr/>	<hr/>
<i>Provision for deferred tax</i>		
Accelerated capital allowances	(101)	(65)
Short term timing differences	-	(53)
Tax losses carried forward and other deductions	(242)	(227)
	<hr/>	<hr/>
	(343)	(345)
	<hr/>	<hr/>
<i>Movement in provision</i>		
Provision at start of the year	(345)	(261)
Charge for the year (note 16)	2	(84)
	<hr/>	<hr/>
	(343)	(345)
	<hr/>	<hr/>

Phaidon Press Limited

Notes forming part of the financial statements
for the year ended 30 June 2015 (*continued*)

9 Taxation (*continued*)

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 20.75% (2014 – 22.5%). The differences are explained below:

	2015 £'000	2014 £'000
Loss on ordinary activities before tax	(4,325)	(1,294)
Tax charge at 20.75% (2014 – 22.5%) thereon	(898)	(291)
Effects of:		
Expenses not allowable for tax purposes	76	47
Capital allowances less than depreciation	37	29
UK tax losses carried forward to future periods	701	45
Overseas tax losses carried forward	90	107
Utilisation of tax losses brought forward	(1)	6
Short term timing differences	-	59
Other	3	(2)
Current tax charge for year	8	-

Phaidon Press Limited

Notes forming part of the financial statements
for the year ended 30 June 2015 (*continued*)

10 Tangible assets

Group	Motor vehicles £'000	Leasehold improvements £'000	Office/Store fixtures and equipment £'000	Total £'000
<i>Cost</i>				
At 1 July 2014	12	124	2,147	2,283
Exchange movements	(2)	10	(6)	2
Additions	-	1	124	125
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2015	10	135	2,265	2,410
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 July 2014	(8)	(5)	(1,546)	(1,559)
Exchange movements	1	-	20	21
Depreciation charge for period	(2)	(14)	(229)	(245)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2015	(9)	(19)	(1,755)	(1,783)
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 June 2015	1	116	510	627
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2014	4	119	601	724
	<hr/>	<hr/>	<hr/>	<hr/>

There were no contracted capital commitments at 30 June 2015 or 30 June 2014.

Phaidon Press Limited

Notes forming part of the financial statements
for the year ended 30 June 2015 *(continued)*

10 Tangible assets *(continued)*

Company	Office/Store fixtures and equipment £'000
<i>Cost</i>	
At 1 July 2014	1,770
Additions	76
Disposal	-
	<hr/>
At 30 June 2015	1,846
	<hr/>
<i>Depreciation</i>	
At 1 July 2014	(1,356)
Depreciation charge for period	(180)
Disposal	-
	<hr/>
At 30 June 2015	(1,536)
	<hr/>
<i>Net book value</i>	
At 30 June 2015	310
	<hr/>
At 30 June 2014	414
	<hr/>

There were no contracted capital commitments at 30 June 2015 and 30 June 2014.

11 Investments

Included in investments of the company, and consolidated into the Group financial statements, are 100% interests in the ordinary share capital of:

Name	Country of incorporation	Nature of business
Phaidon Sarl	France	Sale of books
Phaidon Verlag GmbH	Germany	Sale of books
Phaidon Press Inc	USA	Sale of books
Phaidon KK	Japan	Sale of books
Phaidon SRL	Italy	Sale of books
Phaidon Pty	Australia	Sale of books
PH Art AG	Switzerland	Design services
Marylebone Retail Limited	UK	Retail

Phaidon Press Limited

Notes forming part of the financial statements
for the year ended 30 June 2015 (*continued*)

11 Investments (*continued*)

Company	Shares in subsidiary undertakings £'000
<i>Cost</i>	
At 1 July 2014	148
Additions	-
Disposal	-
	<hr/>
At 30 June 2015	148
	<hr/>
<i>Provisions</i>	
At 30 June 2014	53
Disposal	-
	<hr/>
At 30 June 2015	53
	<hr/>
<i>Net book value</i>	
At 30 June 2015	95
	<hr/>
As at 30 June 2014	95
	<hr/>

12 Stocks

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Work in progress	660	1,028	660	1,028
Finished goods and goods for resale	10,968	9,775	10,968	9,775
	<hr/>	<hr/>	<hr/>	<hr/>
	11,628	10,803	11,628	10,803
	<hr/>	<hr/>	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and the amounts stated above.

Phaidon Press Limited

Notes forming part of the financial statements
for the year ended 30 June 2015 (*continued*)

13 Debtors

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Trade debtors	4,979	4,301	2,442	2,507
Amount owed by group companies	-	-	830	682
Unearned royalty advances	589	515	589	515
Other debtors	484	241	396	110
Corporation tax	46	51	-	-
Prepayments and accrued income	386	480	313	409
	<u>6,484</u>	<u>5,588</u>	<u>4,570</u>	<u>4,223</u>

14 Creditors: amounts falling due in less than one year

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Amounts due to group companies	-	-	31	247
Trade creditors	4,043	3,816	3,764	3,536
Royalties payable	485	541	485	541
Other creditors	408	355	206	214
Taxation and social security	156	166	124	119
Deferred income	570	699	570	699
Accruals	1,678	1,119	919	613
	<u>7,340</u>	<u>6,696</u>	<u>6,099</u>	<u>5,969</u>

Financing arrangements were put in place in August 2013 with a fellow group company, Phaidon Global LLC. Phaidon Global LLC is ultimately owned by the APO2 Trust.

Phaidon Press Limited

Notes forming part of the financial statements
for the year ended 30 June 2015 (continued)

15 Creditors: amounts falling due after more than one year

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Other Creditors	1,911	1,765	-	-
Shareholder loan	7,251	2,584	7,251	2,584
	<u>9,162</u>	<u>4,349</u>	<u>7,251</u>	<u>2,584</u>

Financing arrangements were put in place in August 2013 with a fellow group company, Phaidon Global LLC. Phaidon Global LLC is ultimately owned by the APO2 Trust. In the 2014 financial statements, the shareholder loan was classified as an amount falling due within one year; this has been reclassified in these financial statements.

16 Deferred taxation

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Deferred taxation liability				
Balance brought forward	(345)	(261)	(335)	(251)
Movement for the year (note 9)	2	(84)	3	(84)
	<u>(343)</u>	<u>(345)</u>	<u>(332)</u>	<u>(335)</u>
	Unprovided 2015 £'000	Unprovided 2014 £'000	Provided 2015 £'000	Provided 2014 £'000
Group				
Capital allowances	-	-	(101)	(65)
Short term timing differences	-	-	-	(53)
Unutilised tax losses	(963)	(511)	(242)	(227)
	<u>(963)</u>	<u>(511)</u>	<u>(343)</u>	<u>(345)</u>
	Unprovided 2015 £'000	Unprovided 2014 £'000	Provided 2015 £'000	Provided 2014 £'000
Company				
Capital allowances	-	-	(101)	(65)
Short term timing differences	-	-	-	(53)
Unutilised tax losses	(696)	-	(231)	(217)
	<u>(696)</u>	<u>-</u>	<u>(332)</u>	<u>(335)</u>

Phaidon Press Limited

Notes forming part of the financial statements
for the year ended 30 June 2015 (continued)

17 Share capital

	2015 Number	Allotted and fully paid 2014 Number	2015 £	2014 £
Ordinary A shares of 50p each	52,500	52,500	26,250	26,250
Ordinary B shares of 50p each	52,500	52,500	26,250	26,250
Ordinary C shares of 50p each	15,000	15,000	7,500	7,500
Preference shares of 0.1p each	7,110	7,110	7	7
	127,110	127,110	60,007	60,007

All ordinary shares rank *pari passu* with regards to voting rights. The ordinary B and C shares are not entitled to a dividend. On liquidation or winding up, the ordinary A shares rank ahead of the ordinary B and C shares. The preference shares carry no fixed coupon or redemption date and no contractual right to dividends.

18 Commitments under operating leases

The Group is committed to make the following payments during the next year in respect of operating leases for land and buildings:

	2015 £'000	2014 £'000
Operating leases which expire:		
Within one year	526	234
In two to five years	-	22
Over five years	331	306
	857	562

Phaidon Press Limited

Notes forming part of the financial statements
for the year ended 30 June 2015 (continued)

19 Reserves	Share premium account £'000	Profit and loss account £'000	Total £'000
Group			
At 1 July 2014	6,111	1,647	7,758
Loss for the year	-	(4,335)	(4,335)
Other recognised gains and losses relating to the period	-	225	225
	<hr/>	<hr/>	<hr/>
At 30 June 2015	6,111	(2,463)	3,648
	<hr/>	<hr/>	<hr/>
Company			
At 1 July 2014	6,111	2,224	8,335
Loss for the period	-	(3,843)	(3,843)
	<hr/>	<hr/>	<hr/>
At 30 June 2015	6,111	(1,619)	4,492
	<hr/>	<hr/>	<hr/>
20 Reconciliation of movements in shareholders' funds			
Group	2015 £'000	2014 £'000	
Loss for the year	(4,335)	(1,210)	
Other recognised gains and losses relating to the year	225	343	
Shareholders' funds brought forward	7,818	8,685	
	<hr/>	<hr/>	
Shareholders' funds carried forward	3,708	7,818	
	<hr/>	<hr/>	
Company			
Loss for the year	(3,843)	(860)	
Shareholders' funds brought forward	8,395	9,255	
	<hr/>	<hr/>	
Shareholders' funds carried forward	4,552	8,395	
	<hr/>	<hr/>	

Phaidon Press Limited

Notes forming part of the financial statements for the year ended 30 June 2015 *(continued)*

21 Related party transactions

The company is exempt under the terms of Financial Reporting Standard 8 (FRS 8) from disclosing related party transactions with other group companies, on the grounds that 100% of the voting rights in the company are controlled within the group and the company is included in consolidated financial statements prepared by Phaidon Press Limited.

Phaidon Global LLC, a company ultimately owned by the AP02 Trust, has provided the Group and Company with an interest bearing loan. As at 30 June 2015 the amount repayable on the loan was £7,083,000 (balance owed by the Group and Company at 30 June 2014 - £2,529,412). Interest payable on the loan at 30 June 2015 is £168,099 (30 June 2014 - £55,129).

Artspace LLC, a company ultimately owned by the AP02 Trust, was charged by the Group an amount of £83,342 in the year ended 30 June 2015 (2014 - nil). The charges related to shared administrative costs of the US office. As at 30 June 2015, the outstanding debtor balance was £37,076 (2014 - nil).

Regan Arts LLC, a company ultimately owned by the AP02 Trust, was charged by the Group an amount of £214,182 in the year ended 30 June 2015 (2014 - £90,894). The charges related to shared administrative costs of the US office. As at 30 June 2015, the outstanding debtor balance was £9,510 (2014 - £90,894).

JMWT Acquisition LLP, the company's ultimate parent company, was charged by the Group and Company an amount of £14,933 in the year ended 30 June 2015 (2014 - nil). The charges were in respect of professional fees. As at 30 June 2015, the outstanding debtor balance was £14,933 (2014 - nil).

22 Reconciliation of operating profit to net cash inflow from operating activities

	2015 £'000	2014 £'000
Operating loss	(4,197)	(1,190)
Amortisation of intangible fixed assets	-	36
Depreciation of tangible fixed assets	245	160
Impairment of tangible fixed assets	-	437
(Increase)/decrease in stocks	(825)	517
(Increase) in debtors	(896)	(285)
Increase in creditors	644	1,615
Exchange differences	625	151
	<hr/>	<hr/>
Net cash outflow from operating activities	(4,404)	1,441
	<hr/>	<hr/>

Phaidon Press Limited

Notes forming part of the financial statements
for the year ended 30 June 2015 (continued)

23 Reconciliation of net cash inflow to movement in net debt

	2015 £'000	2014 £'000
(Decrease)/increase in cash in the year	(275)	3,197
Net movement in loans	(4,277)	(2,529)
Change in net debt resulting from cash flows	(4,552)	668
Other non-cash movements	(390)	-
Change in net debt	(4,942)	668
Net debt at 1 July 2014	(1,126)	(1,794)
Net debt at 30 June 2015	(6,068)	(1,126)

24 Analysis of changes in net debt

	At 1 July 2014 £'000	Cash flow £'000	Non-cash movements £'000	At 30 June 2015 £'000
Cash and cash equivalents within one year:				
Cash at bank and in hand	1,403	(275)	-	1,128
Overdrafts	-	-	-	-
	1,403	(275)	-	1,128
Debt due after more than one year:				
Shareholder loans	(2,584)	(4,277)	(390)	(7,251)
Total	(1,181)	(4,552)	(390)	(6,123)

Non-cash movements represent the effect of exchange rates on the shareholder loan.

Phaidon Press Limited

**Notes forming part of the financial statements
for the year ended 30 June 2015 (continued)**

25 Ultimate parent company and controlling party

At 30 June 2015, the company's ultimate controlling party was the APO2 Trust.

At 30 June 2015, the company's ultimate parent company was PLB LLC, a company registered in the United States of America, which owns 99.9% of the share capital of Phaidon Global LLC, a company also registered in the United States of America, which indirectly owns 100% of the members' interest in JMWTT Acquisition LLP.

At 30 June 2015, the largest group of which the company was a member and also the company's ultimate parent company was JMWTT Acquisition LLP, a partnership registered in the UK, and for which group financial statements are prepared and will be filed with the Registrar of Companies in due course.

The smallest group of which the company is a member is JMWTT Limited, a company registered in the UK.

26 Subsequent Events

Following the year end, the group in which Phaidon Press Limited is a part, was reorganised. As a result:

- the company's ultimate parent company changed to Entertainment Finance Services Inc. a company registered in the United States of America.
- the ultimate controlling party changed to Bradley Wechsler, an individual, who controls Entertainment Finance Services Inc.