

THE ORION PUBLISHING GROUP LIMITED

Report and Financial Statements

Year ended 31st December 2014

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THE ORION PUBLISHING GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2014

CONTENTS	Page
Company information	1
Strategic report	2
Directors' report	4
Statement of Directors' responsibilities	5
Independent auditor's report	6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

THE ORION PUBLISHING GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2014

COMPANY INFORMATION

DIRECTORS

A Nourry (Chairman)
T M Hely Hutchinson
P de Cacqueray
MJ Edwards
JC Wood
D Young

SECRETARY

P de Cacqueray

REGISTERED OFFICE

Carmelite House
50 Victoria Embankment
London
EC4Y 0DZ

COMPANY NUMBER

2663988 (England and Wales)

AUDITOR

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

STRATEGIC REPORT

The Directors present their strategic report for The Orion Publishing Group Limited for the year ended 31st December 2014.

Review and Analysis of the Business During the Current Year

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

Key performance indicators

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

Turnover, gross profit margin, distribution and administrative expenses as a percentage of turnover, profit before tax, profit after tax, and cash flows.

Development and financial performance during the year

As reported in the Company's profit and loss account, turnover has decreased from £69,031,078 in 2013 to £66,036,922 in the current year mainly as a result of a larger release of returns provision in 2013.

Discontinued activities relate to the transfer of Orions Childrens department to Hodder & Stoughton Limited in 2014.

Gross profit margin has remained at 41% in 2013 and 2014.

Distribution costs as a percentage of turnover have remained consistent at circa 6%.

Administrative expenses as a percentage of turnover have increased from 32% in 2013 to 40% in 2014. This is mainly as a result of introducing an onerous lease and dilapidations provision in the year.

There was a loss on ordinary activities before taxation of £2,272,559 for the year ended 31st December 2014 compared with a profit on ordinary activities before taxation of £2,708,164 for the year ended 31st December 2013. This decrease in profit is mainly due to the provisions mentioned above as well as the reduction in sales.

Profit after tax has decreased from a profit of £2,053,311 in 2013 to a loss of £1,886,023.

Financial position at the reporting date

The balance sheet shows that the Company's net assets at the year end have decreased from £28,879,553 to £26,993,530. This is as a result of the Company's loss after tax for the year.

The Company's cash in hand and intercompany balances decreased by £495,522 in the year following the loss experienced in the year.

Principal Risks and Uncertainties Facing the Business

The Orion Publishing Group 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 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 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.)

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 is driving 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 are 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 includes 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 2015 to generate higher profits over the 2014 performance.

From 1st January 2015 the company has transferred its Childrens division to another group company.

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



P de Cacqueray
Director

3rd September 2015

DIRECTORS' REPORT

The Directors present their Report and Financial Statements for the year ended 31st December 2014.

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.

Dividends

The Company paid no dividend in the year ended 31st December 2014 (year ended 31st December 2013: £nil).
The directors recommend a final dividend of £2,000,000 to be paid in 2015.

Post balance sheet events

From 1st January 2015 the company has transferred its Childrens division to another group company.

Directors

The names of the present Directors of the Company are shown on page 1.
P de Cacqueray was appointed company secretary on 20th March 2015.
R Swallow resigned as director and company secretary on 20th March 2015.
D Manderston resigned as director on 7th July 2014.
S C Lamb resigned as director on 26th February 2015.
L Milton resigned as director on 17th July 2015.

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

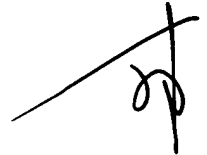
The directors who held office at the date of approval of this report confirm that:

- 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

3rd September 2015

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 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 Orion Publishing Group Limited

We have audited the financial statements of Orion Publishing Group Limited for the year ended 31st December 2014 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' Responsibilities 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.

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 2014 and of its 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.

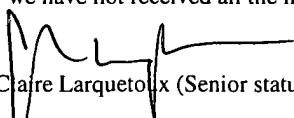
Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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

15 September 2015

PROFIT AND LOSS ACCOUNT
For the year ended 31st December 2014

	Note	Continued Activities	Discontinued Activities	Year ended 31st December 2014	Year ended 31st December 2013
				£	£
TURNOVER	3	58,770,602	7,266,320	66,036,922	69,031,078
Cost of sales		(34,108,376)	(4,477,269)	(38,585,645)	(40,461,782)
GROSS PROFIT		24,662,226	2,789,051	27,451,277	28,569,297
Distribution costs		(3,237,649)	(389,595)	(3,627,244)	(4,063,665)
Administrative expenses		(23,789,463)	(2,277,714)	(26,067,177)	(21,771,930)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION	6	(2,364,886)	121,742	(2,243,144)	2,733,702
Interest payable and similar charges	5			(29,415)	(25,538)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				(2,272,559)	2,708,164
Tax on (loss) / profit on ordinary activities	8			386,536	(654,853)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	19, 20			(1,886,023)	2,053,311

There are no recognised gains or losses other than results for the financial year as set out above and therefore no statement of total recognised gains and losses has been presented.

The notes on pages 9 to 16 form an integral part of the financial statements.

THE ORION PUBLISHING GROUP LIMITED

BALANCE SHEET 31st December 2014

	Note	As at 31st December 2014	As at 31st December 2013
		£	£
FIXED ASSETS			
Intangible assets	9	-	78,319
Goodwill	9	2,076,458	2,336,003
Tangible assets	10	380,505	577,652
Investments	11	93,000	93,000
		<u>2,549,963</u>	<u>3,084,974</u>
CURRENT ASSETS			
Stocks	12	3,830,630	3,195,157
Debtors	13	46,858,334	44,513,402
Cash at bank and in hand		-	5,502,681
		<u>50,688,964</u>	<u>53,211,240</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(23,707,286)	(27,390,899)
NET CURRENT ASSETS		<u>26,981,678</u>	<u>25,820,340</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>29,531,641</u>	<u>28,905,314</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(4,298)	(25,761)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(2,533,813)	-
NET ASSETS		<u>26,993,530</u>	<u>28,879,553</u>
CAPITAL AND RESERVES			
Called up equity share capital	18	6,773,449	6,773,449
Share premium account	19	17,147,246	17,147,246
Profit and loss account	19	3,072,835	4,958,858
EQUITY SHAREHOLDER'S FUNDS	20	<u>26,993,530</u>	<u>28,879,553</u>

The notes on pages 9 to 16 form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 3rd September 2015.

Signed on behalf of the Board of Directors.



P de Cacqueray
Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December 2014

1 BASIS OF PREPARATION

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) Depreciation

The cost of tangible fixed assets is written off in equal monthly instalments over their expected useful lives as follows:

Leasehold improvements	depreciated over the remaining period of the leases to which they relate
Office equipment	20%
Computer equipment	25%
Fixtures and fittings	15%
Motor vehicles	25%

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

b) Intangible assets

Fixed assets classified as intangible which have an unidentifiable life are subject to annual impairment review. Intangible assets with a finite life are amortised over the asset's useful economic life.

c) Goodwill

Goodwill, representing the excess of purchase consideration over the fair value of net assets acquired, is capitalised in the balance sheet as an asset and amortised in the profit and loss account over its useful economic life.

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, 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) Operating leases

Rental costs under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December 2014

2 ACCOUNTING POLICIES (continued)

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 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.

l) Fixed asset investments

Fixed asset investments are stated at cost less provision for any impairment.

3 TURNOVER

Analysis by geographical area:

	Year ended 31st December 2014	Year ended 31st December 2013
	£	£
Turnover - continuing and discontinued operations		
United Kingdom	48,376,893	53,222,535
Australia and New Zealand	6,036,369	4,892,322
Continental Europe	6,425,562	6,005,048
North America	3,085,550	2,953,119
Asia	996,468	1,033,225
Rest of World	1,116,080	924,829
	<u>66,036,922</u>	<u>69,031,078</u>

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 2014	Year ended 31st December 2013
	Number	Number
Employees	<u>134</u>	<u>128</u>
Staff costs (for the above persons)	£	£
Wages and salaries	8,272,367	7,433,326
Social security costs	848,540	883,379
Other pension costs	<u>1,584,938</u>	<u>1,460,091</u>
	<u>10,705,845</u>	<u>9,776,796</u>
Directors' remuneration	£	£
Total emoluments	2,537,123	1,868,863
Total pension contributions	<u>186,212</u>	<u>224,358</u>
	<u>2,723,335</u>	<u>2,093,221</u>
Remuneration of the highest paid Director	£	£
	<u>1,509,679</u>	<u>427,840</u>

The highest paid Director is not a member of a defined benefit scheme. The Company made contributions to the Director's defined contribution pension arrangements of £nil during the year ended 31st December 2014 (year ended 31st December 2013: £nil).

During the period the following number of directors:

	Number	Number
Accrued benefits under defined benefit schemes	<u>5</u>	<u>5</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st December 2014

5 INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31st December 2014	Year ended 31st December 2013
Interest payable on bank loans and overdrafts	23,194	13,755
Hire purchase and finance leasing charges	6,221	11,783
	<u>29,415</u>	<u>25,538</u>

6 (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION

	Year ended 31st December 2014 £	Year ended 31st December 2013 £
(Loss) / profit on ordinary activities before interest and taxation is stated after charging:		
Depreciation of fixed assets	218,499	215,235
Amortisation of intangible assets	337,864	385,863
Operating lease rentals - land and buildings	958,906	914,429
Operating lease rentals - other	80,888	150,446

The audit fee of £57,757 (2013: £61,545) was borne by the Company's sister company, Hachette UK Limited, and has been incorporated into group recharges.

7 DISCONTINUED ACTIVITIES

The discontinued activities during the year relate to the disposal of trading activities for Children's books which have been sold to Hodder & Stoughton Limited, a fellow group company, on 1st January 2015.

Consideration received for the Children's books business was at book value and as such there is no profit or loss on disposal to disclose.

8 TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

	Year ended 31st December 2014 £	Year ended 31st December 2013 £
UK corporation tax on (loss) / profit in the year	(415,798)	518,741
Foreign tax suffered at source	52,916	65,712
	<u>(362,882)</u>	<u>584,453</u>
Deferred tax - origination and reversal of timing differences	(23,654)	70,400
	<u>(386,536)</u>	<u>654,853</u>
Reconciliation of tax (credit) / charge:		
Tax on (loss) / profit at UK standard rate of corporation tax - 21.50% (2013: 23.25%)	(488,445)	629,555
Utilisation of tax losses	-	(50,579)
Depreciation in excess of capital allowances	12,017	5,704
Expenses not deductible for tax purposes	60,630	114,051
Foreign tax suffered at source	52,916	-
Other timing differences	-	(114,278)
	<u>(362,882)</u>	<u>584,453</u>
	31st December 2014 £	31st December 2013 £
The deferred tax included in the balance sheet is as follows:		
Included in debtors (note 13)	<u>392,549</u>	<u>368,895</u>
Accelerated capital allowances	72,238	48,584
Other timing differences	-	-
Tax losses carried forward	<u>320,311</u>	<u>320,311</u>
	<u>392,549</u>	<u>368,895</u>
Deferred tax asset at the start of the year	368,895	439,295
Deferred tax credit / (charge) in the profit and loss account for the year	23,654	(70,400)
Deferred tax asset at the end of the year	<u>392,549</u>	<u>368,895</u>

Deferred tax has been provided at 20% (2013: 20%) which is the rate enacted to apply from 1 April 2015.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st December 2014

9 INTANGIBLE FIXED ASSETS

	Licenses £	Goodwill £	Total £
Cost :			
At 1 January 2014 and 31 December 2014	<u>474,955</u>	<u>5,186,000</u>	<u>5,660,955</u>
Accumulated amortisation :			
At 1st January 2014	396,636	2,849,997	3,246,633
Charge for the year	<u>78,319</u>	<u>259,545</u>	<u>337,864</u>
At 31st December 2014	<u>474,955</u>	<u>3,109,542</u>	<u>3,584,497</u>
Net book value :			
At 31st December 2014	<u>-</u>	<u>2,076,458</u>	<u>2,076,458</u>
At 31st December 2013	<u>78,319</u>	<u>2,336,003</u>	<u>2,414,322</u>

10 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Equipment fixtures and fitting £	Motor vehicles £	Total £
Cost :				
At 1st January 2014	1,151,866	487,605	221,901	1,861,372
Additions	-	21,352	-	21,352
Disposals	-	-	(43,314)	(43,314)
At 31 December 2014	<u>1,151,866</u>	<u>508,957</u>	<u>178,587</u>	<u>1,839,410</u>
Accumulated depreciation :				
At 1st January 2014	755,397	382,185	146,138	1,283,720
Charge for the year	<u>134,194</u>	<u>45,097</u>	<u>39,208</u>	<u>218,499</u>
Disposals	-	-	(43,314)	(43,314)
At 31st December 2014	<u>889,591</u>	<u>427,282</u>	<u>142,032</u>	<u>1,458,905</u>
Net book value :				
At 31st December 2014	<u>262,275</u>	<u>81,675</u>	<u>36,555</u>	<u>380,505</u>
At 31st December 2013	<u>396,469</u>	<u>105,420</u>	<u>75,763</u>	<u>577,652</u>

The gross amount of assets held under finance leases and the related accumulated depreciation included in the tables above are as follows:

	Cost £	Depreciation £	Net £
At 31 December 2014	<u>178,587</u>	<u>(142,032)</u>	<u>36,555</u>
At 31 December 2013	<u>221,901</u>	<u>(146,138)</u>	<u>75,763</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st December 2014

11 INVESTMENTS

	Shares in subsidiary undertakings £	Total £
Cost:		
At 1 January 2014 and 31 December 2014	<u>24,973,000</u>	<u>24,973,000</u>
Provision for diminution in value:		
At 1 January 2014 and 31 December 2014	<u>24,880,000</u>	<u>24,880,000</u>
Net book value:		
At 1 January 2014 and 31 December 2014	<u>93,000</u>	<u>93,000</u>

Name of company	Class of shares held	Percentage of issued shares held	Country of registration and operation	Activity
Littlehampton Book Services Limited	Ordinary	100%	England and Wales	Book distribution
13114 Publishers Limited	Ordinary	100%	England and Wales	Dormant
Artus Publishing Company Limited	Ordinary	100%	England and Wales	Dormant
Blandford Publishing Limited	Ordinary	100%	England and Wales	Dormant
Cassell Limited	Ordinary	100%	England and Wales	Dormant
George Weidenfeld Holdings Ltd	Ordinary	100%	England and Wales	Dormant
J.M. Dent & Sons Limited	Ordinary	100%	England and Wales	Dormant
Orion Books Limited	Ordinary	100%	England and Wales	Dormant
Orion Multimedia Limited	Ordinary	100%	England and Wales	Dormant
Victor Gollancz Limited	Ordinary	100%	England and Wales	Dormant
Ward Lock Limited	Ordinary	100%	England and Wales	Dormant
Weidenfeld Limited	Ordinary	100%	England and Wales	Dormant
Mrs Becton Industries Limited	Ordinary	100%	England and Wales	Dormant
Ward Lock Publishing Limited	Ordinary	100%	England and Wales	Dormant
George Weidenfeld & Nicolson Ltd	Ordinary	100%	England and Wales	Dormant
Phoenix House (Publishers) Limited	Ordinary	100%	England and Wales	Dormant
Arthur Baker Limited	Ordinary	100%	Scotland	Dormant
Contact Publications Limited	Ordinary	100%	England and Wales	Dormant
Weidenfeld (Publishers) Limited	Ordinary	100%	England and Wales	Dormant
Cassell Educational Limited	Ordinary	100%	England and Wales	Dormant
Cassell Publishers Limited	Ordinary	100%	England and Wales	Dormant
New Orchard Editions Limited	Ordinary	100%	England and Wales	Dormant
Rigel Publications Limited	Ordinary	100%	England and Wales	Dormant
Studio Vista Limited	Ordinary	100%	England and Wales	Dormant
Arms & Armour Press Limited	Ordinary	100%	England and Wales	Dormant
Blandford Publishing (USA) Limited	Ordinary	100%	England and Wales	Dormant
Blandford Press Limited	Ordinary	100%	England and Wales	Dormant
Brewers Publishing Company Ltd	Ordinary	100%	England and Wales	Dormant
Orion Publishing Limited	Ordinary	100%	England and Wales	Dormant
Weidenfeld & Nicolson (World University Library) Limited	Ordinary	100%	England and Wales	Dormant

12 STOCKS

	Year ended 31st December 2014 £	Year ended 31st December 2013 £
Work in progress	1,716,559	1,052,003
Finished goods and goods for sale	<u>2,114,071</u>	<u>2,143,154</u>
	<u>3,830,630</u>	<u>3,195,157</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st December 2014

13 DEBTORS

	Year ended 31st December 2014 £	Year ended 31st December 2013 £
Trade debtors	16,075,800	16,258,221
Amounts owed by group undertakings	5,218,125	1,760,000
Other debtors	22,145,039	24,052,978
Corporation tax	362,882	-
Deferred tax asset	392,549	368,895
Prepayments and accrued income	2,663,939	2,073,308
	<u>46,858,334</u>	<u>44,513,402</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year ended 31st December 2014 £	Year ended 31st December 2013 £
Bank overdraft	1,155,140	-
Obligations under hire purchase and finance leases	27,340	25,026
Trade creditors	4,474,452	5,080,379
Amounts owed to group undertakings	318,411	3,022,555
Other tax and social security	402,312	794,034
Other creditors	10,662,937	12,782,952
Property provision (note 16)	989,625	-
Accruals and deferred income	5,677,069	5,685,953
	<u>23,707,286</u>	<u>27,390,899</u>

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Year ended 31st December 2014 £	Year ended 31st December 2013 £
Obligations under hire purchase and finance leases	4,298	25,761
Amounts payable between one and three years	<u>4,298</u>	<u>25,761</u>

16 PROVISIONS FOR LIABILITIES AND CHARGES

	Property provision
At 1 January 2014	-
Charge for the year	3,523,438
Utilised during the year	-
At 31 December 2014	<u>3,523,438</u>
Amount falling due within one year (note 14)	<u>(989,625)</u>
At 31 December 2014: falling due after more than one year	<u>2,533,813</u>

The property provision relates to the dilapidation costs of exiting one property and the onerous lease on that property.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December 2014

17 PENSION SCHEME

The Company participates in the Orion Publishing Group 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.

At 31st December 2014 the Scheme had a net deficit after deferred taxation of £1,423,537 (2013: deficit of £2,245,885).

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 2014.

Plan assets

The weighted-average asset allocation at the year-end was as follows:

	Year ended 31st December 2014	Year ended 31st December 2013
Asset category		
Equities	34%	38%
Bonds	66%	62%
	<u>100%</u>	<u>100%</u>

Weighted average assumptions used to determine benefit obligations at:

	Year ended 31st December 2014	Year ended 31st December 2013
Discount rate	3.80%	4.70%
Rate of compensation increase	n/a	n/a
Rate of inflation	3.10%	3.40%

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

Discount rate	3.80%	4.70%
Expected long-term return on plan assets	3.80%	4.70%
Rate of compensation increase	n/a	n/a
Rate of inflation	3.10%	3.40%

The net pension liability is made up as follows:

	Year ended 31st December 2014	Year ended 31st December 2013
Total market value of assets	45,272,000	38,841,000
Present value of scheme liabilities	<u>(47,057,000)</u>	<u>(41,702,000)</u>
Deficit in the scheme	(1,785,000)	(2,861,000)
Related deferred tax asset	361,462	615,115
Net pension liability	<u>(1,423,538)</u>	<u>(2,245,885)</u>

b) Other schemes

The pension contributions payable by the Company in respect of defined contribution schemes and personal pension schemes amounted to £747,949 (2013: £628,102).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st December 2014

18 CALLED UP SHARE CAPITAL

	Number	31st December 2014 and 31st December 2013 £
Allotted, called up and fully paid		
1p deferred shares	672,652,571	6,726,526
1p ordinary shares	4,692,303	46,923
	<u>677,344,874</u>	<u>6,773,449</u>

Voting rights are permitted to each member present at a meeting. Each member has the right to one vote regardless of the number of new ordinary shares or deferred shares to be held.

The Deferred Shares shall not carry the right to receive any dividend.

On a return of capital on liquidation or otherwise, the surplus assets of the Company remaining after the payment of its liabilities shall be:

(i) distributed amongst the holders of the shares rateably in proportion to the amounts paid up or credited as paid up, on such shares held by them respectively; and

(ii) after the holders of the shares shall have received rateably in proportion to the amounts paid up on such shares held by them the sum of £1,000,000 per share in paying the holder of the Deferred Shares in respect of each Deferred Share of which it is the holder, the amounts paid up or credited as paid up thereon.

19 MOVEMENTS ON RESERVES

	Share premium account £	Profit and loss account £	Total £
Balance at 1st January 2014	17,147,246	4,958,858	22,106,104
Loss for the financial year	-	(1,886,023)	(1,886,023)
Balance at 31st December 2014	<u>17,147,246</u>	<u>3,072,835</u>	<u>20,220,081</u>

20 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDER'S FUNDS

	Year ended 31st December 2014 £	Year ended 31st December 2013 £
Opening equity shareholder's funds	28,879,553	26,826,242
(Loss) / profit for the financial year	(1,886,023)	2,053,311
Closing equity shareholder's funds	<u>26,993,530</u>	<u>28,879,553</u>

21 FINANCIAL COMMITMENTS

At 31st December 2014, the Company had annual commitments under leasehold property and equipment operating leases as follows:

	Year ended 31st December 2014 £	Year ended 31st December 2013 £
Leases which expire:		
Within two to five years	<u>1,029,071</u>	<u>1,033,036</u>
	<u>1,029,071</u>	<u>1,033,036</u>

22 ULTIMATE AND IMMEDIATE PARENT COMPANIES

The immediate parent undertaking is Hachette UK (Holdings) 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.

23 POST BALANCE SHEET EVENTS

From 1st January 2015 the company has transferred its Childrens division to another group company.