Company Registration No. 02663988

THE ORION PUBLISHING GROUP LIMITED

Annual Report and Financial Statements

Year ended 31st December 2017

REPORT AND FINANCIAL STATEMENTS 2017

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REPORT AND FINANCIAL STATEMENTS 2017

COMPANY INFORMATION

DIRECTORS

A Nourry (Chairman)
P de Cacqueray
D Shelley

SECRETARY

P de Cacqueray

REGISTERED OFFICE

Carmelite House
50 Victoria Embankment
London
EC4Y 0DZ

COMPANY NUMBER

02663988 (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 2017.

Review and Analysis of the Business During the Current Year

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

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 profit and loss account, revenue has decreased from £52,115,969 in 2016 to £49,531,826 in the current year mainly as a result of 2017 having fewer high selling titles.

Gross profit margin has increased from 33% in 2016 to 40% in 2017, primarily due to the 2016 change in the way royalty advance provisioning is calculated.

Distribution costs as a percentage of revenue remained consistent at 6%.

Administrative expenses as a percentage of revenue have increased from 33% in 2016 to 35% in 2017, as administrative expenses have remained consistent, being fixed in nature, while revenue decreased.

There was a loss before taxation of £41,014 for the year ended 31st December 2017 compared with a loss before taxation of £2,816,335 for the year ended 31st December 2016. This decrease in loss is mainly due to the improvement in gross profit margin, as explained above..

The total comprehensive income after tax has moved from a loss of £2,938,035 in 2016 to a profit of £60,812 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 £19,310,343 to £19,371,155. This is as a result of the Company's total comprehensive income for the year.

The Company's cash in hand and intercompany balances decreased by £1,312,511 in the year as a result of working capital fluctuations.

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, 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 a 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. The Company also anticipates 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 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 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.

Dividends

The Company paid a dividend of £nil in the year ended 31st December 2017 (year ended 31st December 2016: £nil).
The directors do not recommend a final dividend to be paid in 2018.

Directors

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

- T M Hely Hutchinson resigned as director on 12th December 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 The Orion Publishing Goup Limited

Opinion

We have audited the financial statements of The Orion Publishing Group 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 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. 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

	Note	Year ended 31st December 2017	Year ended 31st December 2016
		£	£
REVENUE	3	**49,531,826**	52,115,969
Cost of sales		**(29,476,776)**	(35,169,737)
GROSS PROFIT		**20,055,050**	16,946,232
Distribution costs		**(2,938,567)**	(2,830,915)
Administrative expenses		**(17,169,674)**	(16,943,515)
OPERATING LOSS	6	**(53,191)**	(2,828,198)
Finance costs	5	**(4,833)**	(5,777)
Finance income	5	**17,010**	17,640
LOSS BEFORE TAXATION		**(41,014)**	(2,816,335)
Taxation	7	**26,812**	534,036
LOSS FOR THE YEAR		**(14,202)**	(2,282,299)
Remeasurement gain / (loss) on defined benefit pension plan	15	**92,610**	(809,550)
Tax relating to remeasurement (gain) / loss on pension	7	**(17,596)**	153,815
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		**60,812**	(2,938,035)

All results are from continuing activities.

The notes on pages 11 to 21 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
31st December 2017

	Note	As at 31st December 2017	As at 31st December 2016
		£	£
NON-CURRENT ASSETS			
Intangible assets	8	2,336,003	2,336,003
Investment in subsidiary undertakings	10	-	93,000
Retirement benefit surplus	15	1,198,512	121,590
Deferred tax	7	153,928	373,219
		3,688,443	2,923,812
CURRENT ASSETS			
Inventories	11	2,584,995	2,386,547
Trade and other receivables	12	27,752,475	29,052,292
Current tax assets		228,507	761,901
Cash and cash equivalents		74,608	636,284
		30,640,585	32,837,024
TOTAL ASSETS		34,329,028	35,760,836
CURRENT LIABILITIES:			
Trade and other payables	13	(14,950,425)	(15,750,993)
Provisions	14	(7,448)	(699,500)
TOTAL LIABILITIES		(14,957,873)	(16,450,493)
NET ASSETS		19,371,155	19,310,343
CAPITAL AND RESERVES			
Called up equity share capital	16	6,773,449	6,773,449
Share premium account		17,147,246	17,147,246
Retained earnings		(4,549,540)	(4,610,352)
EQUITY SHAREHOLDER'S FUNDS		19,371,155	19,310,343

The notes on pages 11 to 21 form an integral part of the 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

STATEMENT OF CHANGES IN EQUITY
31st December 2017

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1st January 2016	6,773,449	17,147,246	(1,672,317)	**22,248,378**
Loss for the year	-	-	(2,282,299)	**(2,282,299)**
Other comprehensive income	-	-	(655,736)	**(655,736)**
Total comprehensive loss	**-**	**-**	**(2,938,035)**	**(2,938,035)**
At 31st December 2016	**6,773,449**	**17,147,246**	**(4,610,352)**	**19,310,343**
Loss for the year	-	-	(14,202)	**(14,202)**
Other comprehensive income	-	-	75,014	**75,014**
Total comprehensive income	**-**	**-**	**60,812**	**60,812**
Total comprehensive income at 31st December 2017	**6,773,449**	**17,147,246**	**(4,549,540)**	**19,371,155**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December 2017

1 CORPORATE INFORMATION

The Orion Publishing Group 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').

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 2.15. 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 income statement.

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 Investment in subsidiary undertakings

At initial recognition investments in subsidiary undertakings are measured as a financial asset at fair value. Transaction costs of financial assets carried at fair value through profit and loss are expensed in the profit or loss. The group subsequently measures all equity investments at cost, with this being the best estimate of fair value unless a better estimate of fair value becomes available.

Any changes in fair value are provided for as an impairment through profit or loss.

2.5 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.

2.6 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 removing 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:

Motor vehicles	25%

The residual value and the useful life of an asset is reviewed at least at each financial year-end and if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying value of the asset and are recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December 2017

2 ACCOUNTING POLICIES (continued)

2.7 Goodwill

Goodwill represents the future economic benefits arising from other assets acquired that are not individually identifiable and separately recognised. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

2.8 Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are recognised at cost less any accumulated amortisation and any accumulated impairment losses, which are charged to administrative expenses.

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessarv for it to be caoable of ooeratine in the manner intended bv manaeement.

The amortisation period and the amortisation method for intangible assets with a finite useful life is reviewed at least each financial year-end. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly.

Amortisation 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:

Licenses-	Length of the licence
Software	25%

2.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Present obligations arising under onerous contacts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.10 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.

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st December 2017

2 ACCOUNTING POLICIES (continued)

2.12 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.

The Company also operates a defined benefit pension plan, which requires contributions to be made to a trustee administered independent fund.

The cost of providing benefits under the defined benefit plan is determined using the project unit method.

Remeasurements of the net defined benefit asset or obligation comprise: actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit asset or obligation) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit asset).

Remeasurements are recognised immediately in the statement of financial position with a corresponding debit or credit entry to retained earnings through other comprehensive income in the period in which they occur. Remeasurements of the net defined benefit asset or obligation recognised in other comprehensive income are not reclassified to the statement of comprehensive income in subsequent periods.

Net interest on the net defined benefit asset or obligation is determined by multiplying the net defined benefit asset or obligation by an appropriate discount rate determined by reference to market yields at the end of the reporting period on high quality corporate bonds. Net interest on the net defined benefit asset or obligation and service costs are recognised in the statement of comprehensive income.

2.13 Leased assets

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risk and rewards of ownership of the leased asset. Where the Company is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability.

This liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to the statement of comprehensive income, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease arrangements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

2.14 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.

2.15 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 unit 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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st December 2017

2 ACCOUNTING POLICIES (continued)

2.16 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
Annual Improvements to IFRSs (2014 - 2016): Clarification of the scope of IFRS 12 Disclosure of Interests in Other Entities	1st January 2017
Amendment to IAS 12 Income Taxes: Recognition of deferred tax assets for unrealised losses	1st January 2017

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

3 REVENUE

Analysis by geographical area:

	Year ended 31st December 2017	Year ended 31st December 2016
	£	£
United Kingdom	**37,803,203**	41,004,929
Australia and New Zealand	**3,793,409**	4,001,121
Continental Europe	**4,136,098**	3,137,762
North America	**2,081,446**	1,504,447
Asia	**722,273**	257,562
Rest of World	**995,398**	1,721,894
Total revenue from sale of goods	**49,531,826**	52,115,969

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 2017	Year ended 31st December 2016
	Number	Number
Book publishing	**113**	110
Staff costs (for the above persons)	**£**	£
Wages and salaries	**5,826,098**	5,907,714
Social security costs	**689,383**	654,594
Other pension costs	**429,920**	447,934
	6,945,401	7,010,241

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

5 FINANCE COSTS AND INCOME

	Year ended 31st December 2017	Year ended 31st December 2016
	£	£
Finance costs:		
Bank loans and overdrafts	**4,833**	5,777
Finance income:		
Interest income on the defined benefit pension scheme	**17,010**	17,640

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st December 2017

6 OPERATING LOSS

	Year ended 31st December 2017	Year ended 31st December 2016
	£	£
Operating loss is stated after charging:		
Depreciation of property, plant and equipment	-	2,953
Amortisation of intangible assets	-	1,487
Operating lease rentals - land and buildings	-	699,704
Operating lease rentals - other	36,724	36,392
Foreign exchange loss/(gain)	28,569	(146,865)

The audit fee of £71,969 (2016: £62,767) 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 £5,967 (2016: £5,351) were also borne by Hachette UK Limited.

7 INCOME TAX

	Year ended 31st December 2017	Year ended 31st December 2016
	£	£
Current income tax:-		
Tax for the year	(183,155)	(743,656)
Prior year adjustment	(45,352)	-
	(228,507)	(743,656)
Deferred tax:		
Origination and reversal of temporary differences	201,695	209,620
Total tax credit	(26,812)	(534,036)
Deferred tax for the current year to the statement of changes in equity	17,596	(153,815)
Reconciliation of tax credit:		
Tax on loss at UK standard rate of corporation tax - 19.25% (2016: 20%)	(7,895)	(563,271)
Non-qualifying investment impairment	17,903	-
Disallowable expenditure	19,554	8,376
Prior year adjustment	(45,352)	-
Retirement benefit scheme	(3,673)	-
Share scheme	(22,072)	-
Accelerated depreciation	14,724	-
Change in UK rate of taxation	-	20,859
Total tax charge credit:	(26,812)	(534,036)

	31st December 2017	31st December 2015
	£	£
The deferred tax asset included in the statement of financial position is as follows	153,928	373,219
Accelerated capital allowances	77,352	92,027
Retirement benefit scheme	(227,718)	(23,102)
Other temporary differences	304,294	304,294
	153,928	373,219
Deferred tax asset at the start of the year	373,219	429,024
Deferred tax charge in the income statement for the year	(201,695)	(209,620)
Deferred tax charge in the statement of comprehensive income for the year	(17,596)	153,815
Deferred tax asset at the end of the year	153,928	373,219
Tax losses carried forward	1,601,553	1,601,553
Unprovided	-	-

Deferred tax has been provided at 19% (2016: 20%) which is the rate enacted to apply from 1 April 2018.

8 INTANGIBLE ASSETS

	Software	Licenses	Goodwill	Total
	£	£	£	£
Cost :				
At 1st January 2017 and 31st December 2017	202,022	474,955	5,186,000	5,862,977
Accumulated amortisation :				
At 1st January 2017	202,022	474,955	2,849,997	3,526,974
Charge for the year	-	-	-	-
At 31st December 2017	202,022	474,955	2,849,997	3,526,974
Net book value:				
At 31st December 2017	-	-	2,336,003	2,336,003
At 31st December 2016	-	-	2,336,003	2,336,003

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st December 2017

9 PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles
Cost:	£
At 1st January 2017	77,900
Disposals	(30,662)
At 31st December 2017	47,238
Accumulated depreciation :	
At 1st January 2017	77,900
Disposals	(30,662)
At 31st December 2017	47,238
Net book value:	
At 31st December 2016 and 31st December 2017	-

10 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Shares in subsidiary undertakings
	£
Cost:	
At 1st January 2017 and 31st December 2017	24,973,000
Provision for diminution in value:	
At 1st January 2017	24,880,000
Impairment	93,000
At 31st December 2017	24,973,000
Net book value:	
At 31st December 2017	-
At 1st January 2017	93,000

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
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
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 Beeton 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
Arms & Armour Press 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

The registered office for all subsidiaries based in England and Wales is Carmelite House, 50 Victoris Embankment, London, EC4Y 0DZ.
The registered office for all subsidiaries based in Scotland is 211 St. Vincent Street, Glasgow, Scotland, G2 5QY.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st December 2017

11 INVENTORIES

	Year ended 31st December 2017 £	Year ended 31st December 2016 £
Work in progress	383,157	556,008
Finished goods and goods for sale	2,201,838	1,830,539
	2,584,995	2,386,547

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

12 TRADE AND OTHER RECEIVABLES

	Year ended 31st December 2017 £	Year ended 31st December 2016 £
Trade debtors	11,854,448	11,210,439
Amounts owed by group undertakings	5,002,314	4,967,496
Other debtors	9,698,420	11,489,468
Prepayments and accrued income	1,197,293	1,384,889
	27,752,475	29,052,292

Intercompany loans are repayable on demand. Any trading balances are repaid within 12 months and do not incur an interest charge. Any balances exceeding 12 months are classed as non-current. Interest is chargeable on these non-current loans at LIBOR plus 0.2 percentage points.

13 TRADE AND OTHER PAYABLES

	Year ended 31st December 2017 £	Year ended 31st December 2016 £
Trade creditors	3,133,117	3,556,703
Amounts owed to group undertakings	41,997	-
Other creditors	9,290,809	9,504,975
Accruals and deferred income	2,484,502	2,689,315
	14,950,425	15,750,993

Intercompany loans are repayable on demand. Any trading balances are repaid within 12 months and do not incur an interest charge. Any balances exceeding 12 months are classed as non-current. Interest is chargeable on these non-current loans at LIBOR plus 0.2 percentage points.

14 PROVISIONS FOR LIABILITIES AND CHARGES

	Dilapidations provision	Property provision	Total provision
At 1 January 2017	686,500	13,000	699,500
Charged during the year	-	5,000	5,000
Released during the year	(330,097)	-	(330,097)
Utilised during the year	(356,403)	(10,552)	(366,955)
At 31 December 2017	-	7,448	7,448
Analysed as:			
Current	-	7,448	7,448

The property provision relates to the onerous lease and associated costs on the leased property of the business. The provision was then being utilised each month of the lease in which the company is not occupying the property until the end of the lease, which ended during the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December 2017

15 RETIREMENT BENEFIT SURPLUS

a) Net defined benefit asset

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. The Scheme is fully accounted for under IAS 19 in the Group financial statements of Lagardere SCA.

Another group company, Littlehampton Book Services Limited, also participates in the defined pension scheme and the deficit and costs of the scheme have been allocated between the two comoanies on the basis of contributions made.

The Company's pension fund is a defined benefit scheme and is funded by payments to a trustee administered independent fund. Professionally qualified actuaries carried out a valuation of the fund as at 1st January 2014 using the projected unit method. The main assumptions used were RPI of 3.6% per annum, CPI of 2.6% per annum, salary increase of 3.6% and deferred pension increases of 2.6% (RPI up to 3.6% per annum).

The pension scheme exposes the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan asset is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long-term nature of the plan liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.

Interest risk - A decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk - The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Contributions made in 2017 were £1,572,000 by the group and £nil by scheme members.

The actuarial position of the pension fund as required by IAS 19 was calculated by qualified independent actuaries based on the most recent full actuarial valuation dated 1st January 2014. The major assumptions used in this actuarial valuation were:

	31st December 2017	31st December 2016
Discount rate	**2.6%**	2.8%
Expected rate of salary increase	**3.6%**	3.6%
Inflation assumptions:		
- CPI	**2.6%**	2.6%
- RPI	**3.6%**	3.6%
Average longevity at retirement age for current pensioners		
- Male	**22.4**	22.3
- Female	**25.8**	25.8
Average longevity at retirement age for current employees		
- Male	**24.2**	24.1
- Female	**27.7**	27.6
Rate of increase of pension in payment	**3.4%**	3.4%
Rate of increase of deferred pensioners	**2.6%**	2.6%

Only the guaranteed pension increases have been valued following the Company's decision not to pay discretionary pension increases. The rate shown reflects the assumption for increases of RPI up to a maximum of 5%. Different assumptions apply for other pension increase types.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December 2017

15 RETIREMENT BENEFIT SURPLUS (continued)

Amounts recognised in the statement of comprehensive income of the group in respect of the defined benefit scheme are as follows:

	31st December 2017	31st December 2016
	£	£
Service cost:		
- Current service cost	37,000	28,000
- Past service cost and gain from settlements	-	-
Net interest income	(27,000)	(28,000)
	10,000	-

The Company share after allocation is £6,300 (2016: nil).

Of the expense, service cost for the year of £37,000 has been included in the statement of comprehensive income as administrative expenses. The net interest income of £27,000 has also been included within administration costs.

Further to this, the following has been recognised in the statement of comprehensive income:

	31st December 2017	31st December 2016
	£	£
Remeasurement gain/(loss) on defined pension plan	92,610	(809,550)
Tax relating to remeasurement (gain)/loss on pension	(17,596)	153,815
	75,014	(655,736)

The amount included in the statement of financial position of the group arising from the group's obligation in respect of its defined benefit retirement scheme is as follows:

	31st December 2017	31st December 2016
	£	£
Present value of defined benefit obligation	(57,630,000)	(56,007,000)
Fair value of plan assets	59,532,000	56,200,000
Closing retirement benefit asset	1,902,000	193,000

The Company share after allocation is £1,198,512 (2016: £121,590).

Movement in the present value of the defined benefit obligation of the group in the year was as follows:

	31st December 2017	31st December 2016
	£	£
Opening present value of defined benefit obligation	56,007,000	45,770,000
Current service cost	37,000	28,000
Interest cost	1,534,000	1,835,000
Remeasurement losses / (gains):		
- Actuarial gains and losses arising from experience adjustments	388,000	(1,818,000)
- Actuarial gains and losses arising from changes in demographic assumptions	-	-
- Actuarial gains and losses arising from changes in financial assumptions	2,150,000	12,236,000
Past service cost	-	-
Movement on curtailments	-	-
Benefits paid	(2,486,000)	(2,044,000)
Closing present value of defined benefit obligation	57,630,000	56,007,000

Movement in the fair value of plan assets in the year were as follows:

	31st December 2017	31st December 2016
	£	£
Opening fair value of plan assets	56,200,000	45,676,000
Interest income	1,561,000	1,863,000
Remeasurement:	-	-
- Return on plan assets (excluding amounts included in net interest expense)	2,685,000	9,133,000
- Actuarial gains and losses arising from experience adjustments	-	-
Contributions from the employer	1,572,000	1,572,000
Contributions from plan participants	-	-
Benefits paid	(2,486,000)	(2,044,000)
Closing fair value of plan assets	59,532,000	56,200,000

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities	
		Increase 0.5%	Decrease 0.5%
Discount rate	Increase / decrease by 0.5%	(172,000)	137,000
Inflation rate	Increase / decrease by 0.5%	3,844,000	(3,971,000)

b) Other schemes

The pension contributions payable by the Company in respect of defined contribution schemes and personal pension schemes amounted to £429,920 (2016: £430,294).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st December 2017

16 CALLED UP SHARE CAPITAL

	31st December 2017 and 31st December 2016 Number	£
Allotted, called up and fully paid		
1p deferred shares	672,652,571	6,726,526
1p ordinary shares	4,692,303	46,923
	677,344,874	6,773,449

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 held.

The Deferred Shares do 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.

17 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 5 years. There are no restrictions placed upon the lessee by entering into these leases.

At 31st December 2017, the Company had annual commitments under leasehold property and equipment operating leases as follows:

	Land and Buildings		**Motor vehicles**	
	Year ended 31st December 2017	Year ended 31st December 2016	**Year ended 31st December 2017**	Year ended 31st December 2016
	£	£	**£**	£
Leases which expire:				
Within one year	**-**	312,000	**32,201**	20,545
Within two to five years	**-**	-	**51,755**	17,029
	-	312,000	**83,956**	37,574

Operating lease agreements where the Company is lessor

At 31st December 2017, future minimum rentals receivable under non-cancellable operating leases are as follows:.

	Land and buildings	
	31st December 2017	31st December 2016
	£	£
Within one year	**-**	185,479
Within two to five years	**-**	-
	-	185,479

18 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.

19 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.