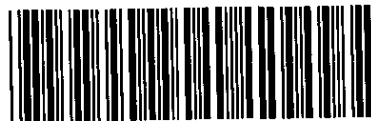


Company Registration No: 08787253

PAVILION BOOKS HOLDINGS LIMITED
GROUP REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

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PAVILION BOOKS HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

P Powell
V Grylls

SECRETARY

Z Hanks

COMPANY NUMBER

08787253

REGISTERED OFFICE

43 Great Ormond Street
London
England
WC1N 3HZ

AUDITOR

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

PAVILION BOOKS HOLDINGS LIMITED

STRATEGIC REPORT

The directors present their group Strategic Report for Pavilion Books Holdings Limited (Company Registration No. 08787253) for the year ended 28 February 2021.

Business review

The results of the Group and company for the year ended 28 February 2021 were in line with Directors' expectations. Turnover in the year stayed constant at £10,279,413, compared to £10,295,484 in the previous year. Gross Profit as a percentage of turnover also stayed the same as the previous year at 47% in 2021.

On 27 January 2021 the Batsford imprint business was transferred from Pavilion Books Company Limited to B.T. Batsford Limited as part of a restructuring of the Group.

In addition, the entire share capital of Belitha Press Limited was transferred from Pavilion Books Group Limited to Pavilion Books Company Limited for the consideration of £1.

The entire share capital of Anova Digital Limited, Books Pavilion Limited, Collins and Brown Limited, Pavilion Books Limited was transferred from Pavilion Books Company Limited to Pavilion Books Group Limited for the consideration of £1 for each company on the 27th January 2021.

Operating expenses during the period fell 7% on the previous year. Profit on ordinary activities before taxation was £787,021, up from £457,870 for the year ending 29 February 2020. The net assets of the business have increased to £7,059,973 compared to £6,277,327 as at 29 February 2020. The business was in a net credit position of £435,317 with the bank as at 28 February 2021 (2020: net overdraft of £201,860). The group continues to operate within its overdraft facility of £0.75m.

The key objective of the Group is to build a profitable business, based on publishing good books and digital content, and creating long-term value in the process by increasing its Intellectual Property library and further strengthening its imprints. This is to be achieved by growing the business in a steady, balanced way, whilst improving margins and maximising cash flow.

The Directors believe the Group is well placed to exploit its publishing strengths, embracing new technologies in publishing and managing content, and has excellent sales opportunities around the globe, notwithstanding the impact of coronavirus. Book sales continue to hold steady in the pandemic, and having a strong backlist of arts and crafts has created sales opportunities during the lockdown. The Directors are investing resources in data management to ensure the Group is well placed to service online retailers going forward.

Key performance indicators

The key performance indicators that the directors use to assess the performance of the business are turnover, gross margin, operating profit, EBITDA and net assets.

The key financial indicators of the group are:

	2021	2020
	£'000	£'000
Turnover	10,279	10,295
Gross Margin	47%	47%
Operating profit	811	503
EBITDA	979	646
Net assets	7,009	6,277

PAVILION BOOKS HOLDINGS LIMITED

STRATEGIC REPORT (continued)

Principal risks and uncertainties

The principal risks that the Group faces are the continuing difficult global financial climate due to the coronavirus, financial and liquidity risk and foreign currency risks.

Coronavirus

The Directors have considered the risks to the future of the Group and company from the coronavirus, and taken steps and actions that we consider appropriate to minimise the associated impact. These include, and are not limited to, preparation of business continuity plans and risk assessments for our main sales channels.

The Board was quick to implement cost saving measures at the beginning of the lockdown period and continues to closely monitor finance costs, and implement measures, to limit the adverse effects on the financial performance of the group. This included postponing a number of titles scheduled for publication in the 2020-2021 financial year and taking advantage of the available government support schemes.

Business focus is being placed on relationships with both key UK and US customers, especially online retail customers, and the directors believe that the outlook is positive. Although turnover has been adversely affected from the coronavirus lockdown, the overall profitability of the Group and company has been maintained, and cashflow is being carefully managed.

The Board will continue to assess the medium and long term effects of the coronavirus epidemic on the business, and will endeavour to mitigate the associated risks where possible, however the directors believe the company is well placed to thrive in the future.

Financial and liquidity risk

Due to careful cash flow management the company has maintained a healthy positive cash position throughout the pandemic, and has made little utilisation of the approved overdraft with the bank during the year. The overdraft facility is next due for review in November 2022. The Board of directors is confident the overdraft facility will be renewed. Given the uncertainty levels in the economy, the group constantly reviews debtor balances and credit limits.

Foreign currency risk

The majority of costs in the business are paid in US dollars, and these costs have an almost natural hedge against the US dollar revenue received from our US customers, however the directors closely monitor the companies' foreign currency exposure and have a revolving foreign currency facility with a bank which can be utilised at any time if deemed necessary.

Going concern

The Directors have considered the risks to the future of the Group and company from the coronavirus, and taken steps and actions that we consider appropriate to minimise the associated impact. These include, and are not limited to, preparation of business continuity plans and risk assessments for our main sales channels.

Following on from the demerger of the Group in July 2021, the directors have reviewed the forecasts for the forthcoming 12 months from the signing of these accounts and based on the existing cash and projected income and expenditure they are satisfied the Group and Company have adequate resources to continue in operations for the foreseeable future. The directors make use of sensitised forecasts to ensure that the Group and company will be able to operate given a worse case scenario. These are regularly reviewed by the Board of Directors and also in management meetings. Cashflow is monitored on a daily basis. The measures we have taken to mitigate the impact of coronavirus strengthen the Board's confidence that the Group and company will be able to withstand the impact of current uncertain economic times.

PAVILION BOOKS HOLDINGS LIMITED

STRATEGIC REPORT (continued)

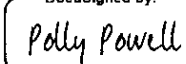
Going concern (continued)

Accordingly the going concern basis has been used in preparing these accounts.

The directors ensure that compliance with banking covenants are met on a regular basis, and the directors do not expect any breaches in the foreseeable future. The directors have agreed a renewal of the overdraft facility until November 2022 and do not believe that this presents a material uncertainty. Subsequent to the year end, the loan agreement with Coutts has been renewed for a period of five years from 9 December 2021.

By order of the Board

DocuSigned by:


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P Powell
Director

29 November 2021

PAVILION BOOKS HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for the Group for the year ended 28 February 2021.

Principal activities

The principal activity of the group is the publication of non-fiction books throughout the world in both physical and digital formats. The principal activity of the company is that of a holding company.

Results and dividends

The results of the Group for the year, as set out on page 9, show an operating profit of £811,477 (2020: £503,165).

A dividend was approved during the year of £4,375 (2020: £52,500). This amount was paid during the year (2020: £nil was unpaid at the year end).

Future developments

The Group moved its UK distribution to Hachette UK and Quarto Publishing Limited on 1 April 2021, and looks forward to driving future growth from access to a larger sales team with reach into new sales channels, with increased focus on online retailing. The directors are looking to continuing improvement of sales in the USA, with the Group moving its US Batsford and Collins and Brown imprint distribution to Hachette and Quarto US on 1 July 2021.

On 27 January 2021 the Batsford imprint business was transferred from Pavilion Books Company Limited to B.T. Batsford Limited as part of a restructuring of the Group.

In addition, the entire share capital of Belitha Press Limited was transferred from Pavilion Books Group Limited to Pavilion Books Company Limited for the consideration of £1.

The entire share capital of Anova Digital Limited, Books Pavilion Limited, Collins and Brown Limited, and Pavilion Books Limited was transferred from Pavilion Books Company Limited to Pavilion Books Group Limited for the consideration of £1 for each company on the 27th January 2021.

On 24 May 2021 the company was acquired by B T Batsford Holdings Limited, which is controlled by Polly Powell in a group restructuring. Pavilion & Portico Books Limited acquired Pavilion Books Company Limited and Belitha Press Limited on 21 July 2021, with the ultimate controlling party still being Polly Powell. The Batsford, Salamander and Pitkin imprints continue under Pavilion Books Holdings Limited, and the directors seek to grow the business concentrating on Art, Architecture, Colouring Books and Heritage sector publishing.

Directors

The following directors have held office since 1 March 2020:

P Powell
V Grylls

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

PAVILION BOOKS HOLDINGS LIMITED

DIRECTORS' REPORT

Statement of directors' responsibilities (continued)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

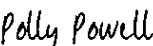
Statement as to disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

By order of the Board:

DocuSigned by:

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P Powell
Director

29 November 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAVILION BOOKS HOLDINGS LIMITED

Opinion

We have audited the financial statements of Pavilion Books Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 28 February 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 28 February 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group and the parent 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAVILION BOOKS HOLDINGS LIMITED (continued)

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on pages 5 and 6, 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 group's and the parent 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 group or the parent 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAVILION BOOKS HOLDINGS LIMITED (continued)

The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and the parent company operates in and how the group and the parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included review financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Coronavirus Job Retention Scheme. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations, reviewed submissions for evidence of incorrect claims and obtained reports monitoring the company's compliance.

The audit engagement team identified the risk of management override of controls and the valuation of the provision for returns as areas where the financial statements were most susceptible to material misstatement due to fraud. In respect of management override of controls, audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to any significant, unusual transactions and assessing the appropriateness of estimates and judgements made by management. In respect of the provision for returns, audit procedures performed included but were not limited to testing sales to supporting documentation and reviewing returns subsequent to the year end.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAVILION BOOKS HOLDINGS LIMITED (continued)

Use of our 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.

RSM UK Audit LLP

Tim Robinson (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London, EC4A 4AB

29 November 2021

PAVILION BOOKS HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 28 FEBRUARY 2021**

	Notes	Year ended 28 February 2021 £	Year ended 29 February 2020 £
Turnover	3	10,279,413	10,295,484
Cost of sales		(5,429,967)	(5,442,668)
Gross profit		<u>4,849,446</u>	<u>4,852,816</u>
Distribution costs		(991,839)	(949,529)
Administrative expenses		(3,145,923)	(3,400,122)
Other operating income	4	99,793	-
Operating profit		<u>811,477</u>	<u>503,165</u>
Interest receivable and similar income	5	27	27
Interest payable and similar charges	6	(24,483)	(45,323)
Profit on ordinary activities before taxation	7	<u>787,021</u>	<u>457,869</u>
Tax (charge)/credit	9	(51,383)	6,436
Profit for the year and total comprehensive income		<u>735,638</u>	<u>464,305</u>

PAVILION BOOKS HOLDINGS LIMITED

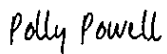
(Company Registration Number: 08787253)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 28 FEBRUARY 2021

	Notes	2021	2020
		£	£
Fixed assets			
Intangible assets	11	100,548	211,606
Tangible assets	12	3,058,738	3,098,584
		<u>3,159,286</u>	<u>3,310,190</u>
Current assets			
Stocks	15	2,164,760	2,366,463
Debtors	16	3,644,860	3,336,271
Cash at bank and in hand		571,669	432,921
		<u>6,381,289</u>	<u>6,135,655</u>
Current liabilities			
Creditors: amounts falling due within one year	17	(2,452,813)	(2,512,029)
Net current assets		<u>3,928,476</u>	<u>3,623,626</u>
Total assets less current liabilities		<u>7,087,762</u>	<u>6,933,816</u>
Creditors: amounts falling due after more than one year	18	-	(591,000)
Provisions for liabilities	21	(79,172)	(65,489)
Net assets		<u>7,008,590</u>	<u>6,277,327</u>
Capital and reserves			
Called up share capital	22	927,501	927,501
Profit and loss account	22	6,081,089	5,349,826
Total equity		<u>7,008,590</u>	<u>6,277,327</u>

The financial statements on pages 11 to 35 were approved by the board of directors and authorised for issue on 29 November 2021 and are signed on its behalf by:

DocuSigned by:

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P Powell
 Director

PAVILION BOOKS HOLDINGS

(Company Registration Number: 08787253)

COMPANY STATEMENT OF FINANCIAL POSITION**AT 28 FEBRUARY 2021**

	Notes	£	2021	£	£	2020	£
Fixed assets							
Tangible Assets	12		3,038,665			3,046,251	
Investments	13		<u>2,687,419</u>			<u>2,687,419</u>	
			5,726,084			5,733,670	
Current assets							
Debtors	16	308,474			1		
Cash at bank and in hand		1,928			7,584		
			<u>310,402</u>		<u>7,585</u>		
Creditors: amounts falling due within one year	17	(2,906,196)			(2,219,546)		
Net current liabilities			(2,595,794)			(2,211,961)	
Total assets less current liabilities			<u>3,130,290</u>			<u>3,521,709</u>	
Creditors: amounts falling due after more than one year	18		-			(591,000)	
Provisions for liabilities	21		(79,172)			(65,489)	
Net assets			<u>3,051,118</u>			<u>2,865,220</u>	
Capital and reserves							
Called up share capital	22		927,501			927,501	
Profit and loss account	22		2,123,617			1,937,719	
Total equity			<u>3,051,118</u>			<u>2,865,220</u>	

The company's profit and total comprehensive income for the year was £190,273 (2020: £301,189).

The financial statements on pages 11 to 35 were approved by the board of directors and authorised for issue on 29 November 2021 and are signed on its behalf by:

DocuSigned by:

Polly Powell

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P Powell
Director

PAVILION BOOKS HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 28 FEBRUARY 2021**

	Share capital £	Profit and loss account £	Total £
Balance at 28 February 2019	927,501	4,938,021	5,865,522
Profit for the year	-	464,305	464,305
Total comprehensive income for the year	-	464,305	464,305
Transactions with owners:			
Dividends paid	-	(52,500)	(52,500)
Balance at 29 February 2020	927,501	5,349,826	6,277,327
Profit for the year	-	735,638	735,638
Total comprehensive income for the year	-	735,638	735,638
Transactions with owners:			
Dividends paid	-	(4,375)	(4,375)
Balance at 28 February 2021	927,501	6,081,089	7,008,590

PAVILION BOOKS HOLDINGS LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2021

	Share capital £	Profit and loss account £	Total £
Balance at 28 February 2019	927,501	1,689,030	2,616,531
Profit for the year	-	301,189	301,189
Total comprehensive income for the year	-	301,189	301,189
Transactions with owners:			
Dividends paid	-	(52,500)	(52,500)
Balance at 29 February 2020	927,501	1,937,719	2,865,220
Profit for the year	-	190,273	190,273
Total comprehensive income for the year	-	190,273	190,273
Transactions with owners:			
Dividends paid	-	(4,375)	(4,375)
Balance at 28 February 2021	927,501	2,123,617	3,051,118

PAVILION BOOKS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2021

	Notes	Year ended 28 February 2021 £	Year ended 29 February 2020 £
Operating activities			
Cash generated from operations	23	792,266	368,505
Interest received		27	27
Income taxes credit/(paid)		(13,683)	(29,667)
Net cash from operating activities		778,610	338,865
Investing activities			
Disposal of tangible fixed assets		-	32,400
Purchase of tangible fixed assets		(13,125)	(26,334)
Purchase of intangible fixed assets		(950)	(16,052)
Net cash used in investing activities		(14,075)	(9,986)
Financing activities			
Interest paid		(24,483)	(45,323)
Repayment of borrowings		(98,500)	(98,500)
Dividends paid	10	(4,375)	(52,500)
Net cash used in financing activities		(127,358)	(196,323)
Net increase in cash and cash equivalents		637,177	132,556
Cash and cash equivalents at beginning of year		(201,860)	(334,416)
Cash and cash equivalents at end of year	23	435,317	(201,860)
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		571,669	432,921
Overdrafts included in creditors: amounts falling due within one year	17	(136,352)	(634,781)
		435,317	(201,860)

PAVILION BOOKS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021

1. Accounting policies

Company information

Pavilion Books Holdings Limited ("the Company") is a company limited by shares domiciled and incorporated in England. The address of the company's registered office and principal place of business is 43 Great Ormond Street, London, England, WC1N 3HZ.

The Group consists of Pavilion Books Holdings Limited and all of its subsidiaries.

The Company's and the Group's principal activities are the publication of non-fiction books throughout the world in both physical and digital formats.

1.1 Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest £, except where otherwise indicated.

With effect from 1 March 2020 the Company and group has adopted the amendments to FRS 102 published in the Triennial Review 2017. There are no adjustments to the current or comparative period in relation to this amendment.

Reduced disclosures

The company is a qualifying entity for the purposes of FRS102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- 'Section 11 'Basic Financial instruments' and Section 12 'Other Financial Instrument Issues'- Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Company statement of comprehensive income

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income.

PAVILION BOOKS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

1.3 Going concern

The Directors have considered the risks to the future of the Group and company from the coronavirus, and taken steps and actions that we consider appropriate to minimise the associated impact. These include, and are not limited to, preparation of business continuity plans and risk assessments for our main sales channels.

Following on from the demerger of the Group in July 2021, the directors have reviewed the forecasts for the forthcoming 12 months from the signing of these accounts and based on the existing cash and projected income and expenditure they are satisfied the Group and Company have adequate resources to continue in operations for the foreseeable future. The directors make use of sensitised forecasts to ensure that the Group and company will be able to operate given a worse case scenario. These are regularly reviewed by the Board of Directors and also in management meetings. Cashflow is monitored on a daily basis. The measures we have taken to mitigate the impact of coronavirus strengthen the Board's confidence that the Group and company will be able to withstand the impact of current uncertain economic times.

Accordingly the going concern basis has been used in preparing these accounts.

The directors ensure that compliance with banking covenants are met on a regular basis, and the directors do not expect any breaches in the foreseeable future. The directors have agreed a renewal of the overdraft facility until November 2022 and do not believe that this presents a material uncertainty. Subsequent to the year end, the loan agreement with Coutts has been renewed for a period of five years from 9 December 2021.

1.4 Basis of consolidation

The consolidated financial statements incorporate those of Pavilion Books Holdings Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All financial statements are made up to 28 February 2021.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

1.5 Functional and presentational currencies

The financial statements are presented in sterling which is also the functional currency of the Company and Group.

PAVILION BOOKS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

1.6 Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

1.7 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax. Books may be sold on a sale or return basis, on a consignment basis, or by firm sale.

1.8 Other income

Royalty income (Company only)

Royalty income is included on a receivable basis, calculated on sales of books arising during each accounting period as reported by licensees.

1.9 Government Grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.10 Goodwill

Acquisitions of businesses are accounted for using the acquisition method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. Goodwill is debited to administrative expenses in the periods expected to benefit, which the directors consider to be 5 years.

PAVILION BOOKS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 28 FEBRUARY 2021****1.11 Intangible assets other than goodwill**

Intangible assets other than goodwill are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided on all intangible assets other than goodwill at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Software	50%
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Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

1.12 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Motor Vehicles	33%
Fixtures and fittings	20% to 50%
Land	This is not depreciated.
Buildings	Depreciation is not provided on buildings as in view of the high residual value, it would be immaterial.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

1.13 Fixed asset investments*Company*

In the separate accounts of the Company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in profit or loss.

1.14 Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

PAVILION BOOKS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021

1.15 Stocks

Stocks of published books are valued at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the books to their present location and condition, including the initial print run and the proportional allocation of all editorial, origination and printing costs.

Stocks of books which have been held for over one year are written off on a proportional basis to reflect their diminishing net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

Work in progress includes all the costs incurred in bringing a book to publication. All work in progress is transferred to finished goods on publication of the relevant book.

1.16 Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated 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 that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.17 Leases

All leases are operating leases and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

PAVILION BOOKS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021

1.18 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or are capitalised as an intangible fixed asset or a tangible fixed asset.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.19 Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

1.20 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

A returns provision is accounted for as a reduction from trade debtors.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

PAVILION BOOKS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021

1.20 Financial instruments (continued)

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Stock valuation

Stocks of books which have been held for over one year are written off on a proportional basis to reflect their diminishing net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

Returns provision

Trade debtors is reported net of a provision in respect of returns as the group receives regular settlements of the balance due net of returns. The rate of returns is based on an analysis of returns in the previous financial period along with assumptions based on the current trading forecast.

Royalty advances provision

Prepayments are reported net of a provision in respect of royalty advances paid to authors. Provision is calculated based on historic data and forecast sales and is assessed on a case by case basis.

PAVILION BOOKS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 28 FEBRUARY 2021***Deferred taxation*

Deferred tax assets and liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

3. Turnover

The total turnover of the Group for the year has been derived entirely from its principal activity which is considered to be the sole class of business. Disclosure of the geographical analysis of turnover is not made, as in the opinion of the directors it would be prejudicial to the Group.

4. Other operating income**Government grants**

During the year, the group made a successful application under the government Coronavirus Job Retention Scheme to aid businesses with the financial impact of the COVID-19 pandemic. The total amount claimed during the year was £99,793 (2020: £nil). £1,250 remained receivable at the year end (2020:£nil). The grant relates to staff costs, which are included within cost of sales and administrative expenses and the grant of £99,793 (2020: £nil) has been recognised in the statement of comprehensive income as other operating income.

5. Interest receivable and similar income

	Year ended 28 February 2021 £	Year ended 29 February 2020 £
Interest arising on:		
Other income	27	27
	<u>27</u>	<u>27</u>

6. Interest payable and similar charges

	Year ended 28 February 2021 £	Year ended 29 February 2020 £
Interest arising on:		
Bank loans and overdrafts	24,483	45,323
	<u>24,483</u>	<u>45,323</u>

7. Profit on ordinary activities before taxation

	Year ended 28 February 2021 £	Year ended 29 February 2020 £
The profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets	52,971	62,804
Loss/(Gain) on disposal of fixed assets	2,392	(32,400)
Exchange loss/(gain)	21,985	(9,067)
Amortisation of intangible fixed assets	112,007	112,420
Operating lease rentals	25,245	24,913
	<u>214,600</u>	<u>158,670</u>

PAVILION BOOKS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

7. Profit on ordinary activities before taxation (continued)

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	Year ended 28 February 2021 £	Year ended 29 February 2020 £
Audit services		
- Statutory audit of parent company and consolidated accounts	26,000	23,000
Other services		
- All other non-audit services	111,251	23,100
	<u>137,251</u>	<u>46,100</u>

8. Employees and directors

	Year ended 28 February 2021 No.	Year ended 29 February 2020 No.
--	--	--

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

Office and management	48	48
	<u>48</u>	<u>48</u>

There were no persons directly employed by Pavilion Books Holdings Limited during the year (2020: nil).

	Year ended 28 February 2021 £	Year ended 29 February 2020 £
Staff costs for the above persons:		
Wages and salaries	1,731,513	1,856,949
Social security costs	191,252	187,802
Defined contribution pension cost	98,914	66,816
	<u>2,021,679</u>	<u>2,111,567</u>

Directors

	Year ended 28 February 2021 £	Year ended 29 February 2020 £
In respect of the directors of Pavilion Books Holdings Limited		
Aggregate emoluments	32,817	94,259
Company contributions to money purchase pension schemes	159	4,514
	<u>32,976</u>	<u>98,773</u>

The number of directors to whom retirement benefits are accruing under money purchase pension schemes was 1 (2020: 1).

Included within the Directors' remuneration is £2,600 (2020: £23,040) paid to an executive director of the Pavilion Books group. This included £2,600 (2020: £7,800) for storage and rental charges, and £nil (2020: £3,000) for photography expenses.

PAVILION BOOKS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

9. Taxation

	Year ended 28 February 2021 £	Year ended 29 February 2020 £
Current tax		
UK corporation tax	-	-
Adjustment in respect of prior years	-	(27,099)
Foreign taxation	37,700	14,655
Total current tax/(credit)	37,700	(12,444)
Deferred tax:		
Origination and reversal of timing differences	13,683	6,008
Total deferred tax	13,683	6,008
Total charge/(credit) on profit on ordinary activities	51,383	(6,436)

Factors affecting the tax charge for the year.

The tax assessed for the year is higher than the effective rate of corporation tax in the UK. The differences are explained below:

	Year ended 28 February 2021 £	Year ended 29 February 2020 £
Profit on ordinary activities before tax	787,021	390,284
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%).	149,534	74,153
Effects of:		
Expenses that are not deductible in determining taxable profit	27,172	4,752
Fixed asset differences	18,012	18,636
Losses carried back	-	18,284
Other permanent differences	(6,236)	(2,579)
Group relief surrendered	1	-
Adjustment to brought forward values	(3,848)	-
Adjust closing deferred tax to average rate	-	184,153
Adjust opening deferred tax to average rate	-	(196,074)
Remeasurement of deferred tax for changes in tax rates	(183,101)	-
Foreign tax (restricted element)	37,700	14,655
Other timing difference not recognised for deferred tax	2,434	(95,318)
Unexplained difference	(2)	1
Other tax adjustments, reliefs and transfers	938	-
Adjustments in respect of prior periods (deferred tax)	8,940	-
Adjustments in respect of prior periods (current and interco)	(161)	(27,099)
Tax expense/(credit)	51,383	(6,436)

PAVILION BOOKS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

9. Taxation (Continued)

Deferred tax liability recognised

	Year ended 28 February 2021 £	Year ended 29 February 2020 £
Accelerated capital allowances		
Provision at start of year	65,489	59,481
Deferred tax charged in the Profit and loss account for the year	13,683	6,008
Provision at end of period	79,172	65,489

See note 21 for details of recognised and unrecognised deferred tax assets.

10. Dividends

	Year ended 28 February 2021 £	Year ended 29 February 2020 £
Ordinary shares:		
Interim paid 0.005p (2020: 5.66p) per share	4,375	52,500

11. Intangible fixed assets

Group	Publishing Rights £	Software £	Goodwill £	Total £
Cost:				
At 1 March 2020	6,498	41,427	476,068	523,993
Additions	-	950	-	950
Disposals	-	(25,376)	-	(25,376)
At 28 February 2021	6,498	17,001	476,068	499,567
Amortisation:				
At 1 March 2020	3,610	23,137	285,640	312,387
Charge for year	2,527	14,266	95,214	112,007
Disposal	-	(25,375)	-	(25,375)
At 28 February 2021	6,137	12,028	380,854	399,019
Net book value:				
At 28 February 2021	361	4,973	95,214	100,548
At 29 February 2020	2,888	18,290	190,428	211,606

PAVILION BOOKS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

12. Tangible fixed assets

Group	Land and Buildings £	Fixtures & Fittings £	Total £
Cost:			
At 1 March 2020	3,038,665	177,016	3,215,681
Additions	-	13,125	13,125
Disposals	-	(92,905)	(92,905)
At 28 February 2021	3,038,665	97,236	3,135,901
Depreciation:			
At 1 March 2020	-	117,097	117,097
Charge for year	-	52,971	52,971
Disposals	-	(92,905)	(92,905)
At 28 February 2021	-	77,163	77,163
Net book value: At 28 February 2021	3,038,665	20,073	3,058,738
At 29 February 2020	3,038,665	59,919	3,098,584
Company	Land and Buildings £	Fixtures & Fittings £	Total £
Cost:			
At 1 March 2020	3,038,665	46,869	3,085,534
Additions	-	-	-
Disposals	-	(5,416)	(5,416)
At 28 February 2021	3,038,665	41,453	3,080,118
Depreciation:			
At 1 March 2020	-	39,283	39,283
Charge for year	-	7,586	7,586
Disposals	-	(5,416)	(5,416)
At 28 February 2021	-	41,453	41,453
Net book value: At 28 February 2021	3,038,665	-	3,038,665
At 29 February 2020	3,038,665	7,586	3,046,251

PAVILION BOOKS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

13. Fixed asset investments

Company	Shares in group undertakings £
Cost and net book value at 1 March 2020 and 28 February 2021	2,687,419

14. Subsidiary undertakings

The subsidiary companies, all of which are wholly owned, are:

	Principal activity during the year	Proportion of nominal value held	Class of shares
Pavilion Books Group Limited	Book publishing	100%	Ordinary
Pavilion Books Company Limited*	Book publishing	100%	Ordinary
Belitha Press Limited*	Book publishing	100%	Ordinary
David Bennett Books Limited*	Book publishing	100%	Ordinary, 'A' ordinary, preference and deferred
BT Batsford Limited**	Book publishing	100%	Ordinary and preference
Anova Repose Limited*	Non-trading	100%	Ordinary
Anova Digital Limited*	Non-trading	100%	Ordinary
Books Pavilion Limited***	Non-trading	100%	Ordinary
Collins & Brown Limited*	Non-trading	100%	Ordinary
Pavilion Books Limited*	Non-trading	100%	Ordinary

*held through subsidiary companies. Pavilion Books Company Limited and Belitha Press Limited left the Group on 21 July 2021, but are still ultimately controlled by Polly Powell.

** held through subsidiary companies

*** held through subsidiary companies

The subsidiary companies above have taken the exemption in section 479A of the Companies Act 2006 (the Act) from the requirements in the Act for their individual accounts to be audited. The registered office of each subsidiary is 43 Great Ormond Street, London WC1N 3HZ.

15. Stocks

	2021 £	Group 2020 £
Work in progress	578,437	556,174
Finished goods	1,586,323	1,810,289
	<u>2,164,760</u>	<u>2,366,463</u>

PAVILION BOOKS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 28 FEBRUARY 2021****16. Debtors**

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,744,880	2,578,137	-	-
Amounts owed from group undertakings	-	-	308,473	-
Other debtors	93,210	75,269	-	-
Called up share capital not paid	1	1	1	1
Corporation tax receivable	15,001	-	-	-
Prepayments and accrued income	791,768	682,864	-	-
	<u>3,644,860</u>	<u>3,336,271</u>	<u>308,474</u>	<u>1</u>

Prepayments and accrued income of the Group include royalty advances of £730,613 (2020: £588,756).

17. Creditors: Amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts	727,352	733,281	591,000	98,500
Trade creditors	427,659	752,652	-	-
Other taxation and social security costs	89,244	53,507	-	-
Amounts owed to group undertakings	-	-	2,302,281	2,106,486
Other creditors	10,723	12,477	-	-
Accruals and deferred income	1,197,835	960,112	12,915	14,560
	<u>2,452,813</u>	<u>2,512,029</u>	<u>2,906,196</u>	<u>2,219,546</u>

18. Creditors: Amounts falling due after more than one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans	-	591,000	-	591,000

Subsequent to the year end it has been confirmed that the bank loan, which was due to mature on 9th December 2021, has been extended over a further period of five years, with a repayment date of 9th December 2026 at an interest rate 3.5% above the bank base rate. The loan and overdraft is secured by a composite guarantee over the group plus the property at 43 Great Ormond Street.

PAVILION BOOKS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

19. Financial instruments

The carrying amount of the Group's financial instruments at year end was:

	Group	
	2021	2020
	£	£
<i>Financial assets:</i>		
Debt instruments measured at amortised cost		
Trade debtors	2,744,880	2,578,137
Other debtors	64,485	43,672
Total	<u>2,809,365</u>	<u>2,621,809</u>
<i>Financial liabilities:</i>		
Measured at amortised cost		
Bank loans and overdrafts	727,352	1,324,281
Trade creditors	427,659	752,652
Other creditors	1,208,559	972,589
Total	<u>2,363,570</u>	<u>3,049,522</u>

20. Borrowings

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
<i>Creditors: amounts falling due within one year:</i>				
Bank overdraft	136,352	634,781	-	-
Bank loans	591,000	98,500	591,000	98,500
	<u>727,352</u>	<u>733,281</u>	<u>591,000</u>	<u>98,500</u>
<i>Creditors: amounts falling due after more than one year:</i>				
Bank loan	-	591,000	-	591,000
	<u>-</u>	<u>591,000</u>	<u>-</u>	<u>591,000</u>

See note 18 for details of the bank loan.

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21. Deferred taxation

	Group 2021 £	Company 2021 £	Group 2020 £	Company 2020 £
Liability brought forward	(65,489)	(65,489)	(59,481)	(59,481)
Movement in year	(13,683)	(13,683)	(6,008)	(6,008)
Liability carried forward	<u>(79,172)</u>	<u>(79,172)</u>	<u>(65,489)</u>	<u>(65,489)</u>

The Group's liability for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2021		2020	
	Provided £	Un-provided £	Provided £	Un-provided £
Fixed asset timing differences	(79,172)	-	(65,489)	-
Tax losses available	-	1,630,794	-	1,630,794
(Liability)/asset carried forward	<u>(79,172)</u>	<u>1,630,794</u>	<u>(65,489)</u>	<u>1,630,794</u>

The Company's liability for deferred taxation consists of the tax effect of timing differences in respect of:

Company	2021		2020	
	Provided £	Un-provided £	Provided £	Un-provided £
Fixed asset timing differences	(79,172)	-	(65,489)	-
Liability carried forward	<u>(79,172)</u>	<u>-</u>	<u>(65,489)</u>	<u>-</u>

22. Share capital and reserves

Company share capital

	2021 £	2020 £
Allotted, issued and fully paid: 927,501 ordinary shares of £1 each	<u>927,501</u>	<u>927,501</u>

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

Reserves

Reserves of the Company represent the following:

Profit and loss account

Cumulative profit and loss net of distributions to owners.

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23. Reconciliation of profit after tax to net cash generated from in operations

	2021 £	Group 2020 £
Profit after tax	735,638	464,305
Adjustments for:		
Depreciation of tangible fixed assets	52,970	62,804
Amortisation of goodwill	112,007	112,420
Loss/(profit) on disposal of fixed assets	2,392	(32,400)
Interest payable	24,483	45,323
Interest receivable	(27)	(27)
Tax charge	51,383	(6,436)
Operating cash flows before movements in working capital	978,846	645,989
Decrease/(Increase) in stock	201,703	(103,905)
Increase in debtors	(313,202)	(116,405)
(Decrease)/Increase in creditors	(75,081)	(57,174)
Cash generated from operations	792,266	368,505

	2021 £	Group 2020 £
Cash and cash equivalents represent:		
Cash at bank	571,669	432,921
Overdraft	(136,352)	(634,781)
	435,317	(201,860)

	Note	1 March 2020 £	Non Cashflow movements	Cashflows	28 February 2021 £
Cash at bank and in hand		432,921	-	138,219	571,140
Debt due within 1 year:					
Bank Overdraft	20	(634,781)	-	498,429	(136,352)
Bank Loans	20	(98,500)	(591,000)	98,500	(591,000)
Debt due after 1 year:					
Bank Loans	20	(591,000)	591,000	-	-
Net Debt		(891,360)	-	735,148	(156,212)

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24. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021 £	Group 2020 £
Amounts due:		
Within one year	25,420	32,123
Between one and five years	15,421	41,623
	<u>40,841</u>	<u>73,746</u>

25. Retirement benefits

The Group operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Group in an independently administered fund. Costs incurred in respect of the above have been charged to the profit and loss account. £10,183 (2020: £11,492) was unpaid at the year end.

26. Financial commitments

The Group's assets have been charged as security for all amounts owed by members of the Pavilion Books group to the Group's bankers, Coutts and Company. At 28 February 2021 £727,352 (2020: £1,324,281) was owed to Coutts and Company by the group.

27. Contingent liabilities

The company is a member of a group VAT registration with all other companies in the Pavilion Books group and, under the terms of the registration, is jointly and severally liable for the VAT payable by all members of the group. At 28 February 2021 the company had no potential liability under the terms of the registration.

In order for the subsidiary companies to take the audit exemption in section 479A of the Companies Act 2006, the Company has guaranteed all outstanding liabilities of those subsidiary companies at 28 February 2021 until those liabilities are satisfied in full.

28. Related party transactions

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

During the year a dividend of £4,375 (2020: £52,500) was declared and £4,375 was paid to a director. No dividend was unpaid as at 28 February 2021 (2020: £nil).

29. Remuneration of key management personnel

The total remuneration of the directors and the managers of the Group, who are considered to be the key management personnel of the Group, was £427,696 (2020: £385,503).

30. Ultimate parent company and ultimate controlling party

The parent company from 21 July 2021 is B.T. Batsford Holdings Limited, and the ultimate controlling party of Pavilion Books Holdings Limited remains unchanged as P Powell.

PAVILION BOOKS HOLDINGS LIMITED

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31. Post balance sheet events

The March 2020 outbreak of the Covid 19 pandemic has created unprecedented challenges and uncertainty with the full socio-economic impact of the virus expected to continue to be significant. This event has not impacted on the Group's financial performance for the year ended 28 February 2021, nor on its financial position as at 28 February 2021.

On 24 May 2021 the entire share capital of Pavilion Books Holdings Limited was sold to B.T. Batsford Holdings Limited in return for the consideration of 8 million £1 ordinary shares in B.T. Batsford Holdings Limited. Subsequently, B.T. Batsford Holdings Limited purchased the entire share capital of 50,404,907 ordinary £1 shares in Pavilion Books Company Limited from Pavilion Books Group Limited at the market value of £3m.

On 21 July 2021 the share capital of B.T. Batsford Holdings was split into 2,500,000 ordinary £1 A shares and 5,500,000 ordinary £1 B shares. The share capital was then reduced from £8 million to £2.5 million by cancelling all of the fully paid B shares of £1 each. In consideration, B.T. Batsford Holdings Limited transferred the entire share capital of Pavilion Books Company Limited to Pavilion & Portico Books Limited. As a result of the demerger, Pavilion Books Holdings Limited is now a subsidiary of B.T. Batsford Holdings Limited.