

Reed Elsevier (Holdings) Limited

Directors' Report and Financial Statements

For the year ended 31 December 2013

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COMPANIES HOUSE

OFFICERS AND PROFESSIONAL ADVISERS

Directors

K Bayazit

A Joseph

P Richardson (resigned 1 March 2013)

H Udow

Secretary

A W McCulloch

Registered Office

1-3 Strand

London

WC2N 5JR

Auditors

Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

The company has taken advantage of the exemption granted under s414 of the Companies Act 2006 (as amended) and has not produced a Strategic Report. The company has prepared accounts in accordance with s396 of the Companies Act 2006.

Results and dividends

The loss before taxation and the retained loss for the year was £40,065,000 (2012: £207,687,000 profit) and has been taken from reserves. During the year dividends of nil (2012: £250,000,000) were received and dividends of nil (2012: £500,000,000) were paid.

Principal activities and future developments

The company has carried on the activities of a holding company and the directors do not anticipate any changes in activities in the foreseeable future. The company was a wholly-owned subsidiary throughout the year and accordingly group accounts have not been prepared.

Financial risks

Due to the fact the company has not traded during the year and has no plans to commence trading within the foreseeable future, the company does not consider it necessary to adopt a financial risks policy as such information is not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Directors

The directors who served during the year and those holding office are shown on page 1.

Directors' indemnity insurance has been taken out by the company on the directors' behalf.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' REPORT (Continued)

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

Deloitte LLP were appointed as auditors for the company and have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board
1-3 Strand
London WC2N 5JR



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A McCulloch
Secretary

25 June 2014

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REED ELSEVIER (HOLDINGS)
LIMITED**

We have audited the financial statements of Reed Elsevier (Holdings) Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report or in preparing the directors' report.

M. R. Lee-Amies

Mark Lee-Amies (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

29 July

2014

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Other operating income	2	-	250,000
Operating (loss)/profit		-	250,000
Interest payable and similar charges	5	(40,065)	(42,313)
(Loss)/profit on ordinary activities before taxation		(40,065)	207,687
Tax on (loss)/profit on ordinary activities	6	-	-
(Loss)/profit on ordinary activities after taxation for the financial year	11	(40,065)	207,687
Retained (loss)/profit taken (from)/to reserves	11	(40,065)	207,687

The activities of the company are derived from continuing operations.

The company had no recognised gains or losses this year or during the prior year other than those reflected in the profit and loss account. Consequently, a separate statement of total recognised gains and losses is not provided.

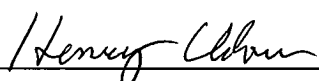
The notes on pages 7 to 10 form part of these accounts.

BALANCE SHEET
As at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Investments	7	3,893,120	3,893,120
Current assets			
Debtors (amounts falling due within one year)	8	325,468	325,468
Current liabilities			
Creditors (amounts falling due within one year)	9	(2,262,243)	(2,222,178)
Net current liabilities		<u>(1,936,775)</u>	<u>(1,896,710)</u>
Net assets		<u>1,956,345</u>	<u>1,996,410</u>
 Capital and reserves			
Called up share capital	10	406,422	406,422
Share premium	11	858,648	858,648
Other reserves	11	508,000	508,000
Profit and loss account	11	<u>183,275</u>	<u>223,340</u>
Shareholders' funds		<u>1,956,345</u>	<u>1,996,410</u>

The notes on pages 7 to 10 form part of these accounts.

Approved by the board of directors and signed on behalf of Reed Elsevier (Holdings) Limited.



H Udow

Director

25 June 2014

NOTES TO THE ACCOUNTS
For the year ended 31 December 2013

1. Accounting policies**Compliance with accounting standards**

These financial statements have been prepared under the historical cost convention and are in accordance with applicable United Kingdom accounting standards. The accounting policies adopted below have been consistently applied in the current and prior year.

Going concern

The directors have received written confirmation establishing that the ultimate parent company of this entity is fully prepared and able to support the company as necessary. Consequently, it is appropriate to prepare these accounts on a going concern basis.

Investments

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

Debtors

Debtors are stated net of provisions for doubtful debts, returns and other allowances.

Interest receivable/payable

All interest receivable/payable is recognised on an accruals basis.

Taxation

The current tax expense represents the sum of the tax payable on the current year taxable profits, and the movements on deferred tax that are recognised in the profit and loss account. The tax payable on current year taxable profits is calculated using the applicable tax rates that have been enacted, or substantively enacted, by the balance sheet date. Deferred taxation is provided in full for timing differences using the liability method. Deferred tax assets are only recognised to the extent that they are considered recoverable in the short-term. Deferred taxation balances are not discounted.

2. Other operating income

	2013 £'000	2012 £'000
Dividends received	-	250,000

The directors received no emoluments (2012: nil) in respect of their services to the company.

3. Auditor's remuneration

The auditor's remuneration for the audit of the company's annual accounts was £3,000 (2012: £1,000) and was borne and not recharged by another group company in the current and preceding year.

4. Staff costs

The company has no employees (2012: nil).

5. Interest payable and similar charges

	2013 £'000	2012 £'000
Interest payable to subsidiary undertakings	40,065	42,313

NOTES TO THE ACCOUNTS
For the year ended 31 December 2013

6. Tax on loss on ordinary activities

	2013 £'000	2012 £'000
United Kingdom corporation tax	-	-

The rate of current tax for the year is 23.25% (2012: 24.5%) based on the UK standard rate of corporation tax.

A reconciliation of the notional tax charge based on average applicable rates of tax to the actual total tax expense is as follows:

	2013 £'000	2012 £'000
(Loss)/profit on ordinary activities before taxation	(40,065)	207,687
Tax charge at the standard rate	9,315	(50,883)
Non-taxable income	-	61,250
Notional interest of inter-group financing	1,412	2,676
Group relief surrendered for nil consideration	(10,727)	(13,043)
Current tax charge	-	-

A number of changes to the UK corporation tax system, including reductions of the main rate of corporation tax from 23% to 21% with effect from 1 April 2014, and from 21% to 20% with effect from 1 April 2015, were substantively enacted on 2 July 2013.

As the company has no deferred tax assets or liabilities, the reduction has no impact on the balance sheet.

7. Investments

	Cost £'000	Provided £'000	Net book value £'000
At 1 January and 31 December 2013	3,893,120	-	3,893,120

Investments held

Name of company	Country of incorporation and operation	Proportion of equity capital held (direct)
Reed Elsevier (Investments) plc	Great Britain	100%
Reed Elsevier (UK) Ltd	Great Britain	50%
Reed Elsevier Holdings B.V.	Netherlands	50%

In the opinion of the directors the value of the company's interest in its subsidiaries is not less than the aggregate amount at which they are stated in the balance sheet.

8. Debtors (amounts falling due within one year)

	2013 £'000	2012 £'000
Amounts owed by parent undertaking	325,468	325,468

NOTES TO THE ACCOUNTS
For the year ended 31 December 2013

9. Creditors (amounts falling due within one year)

	2013 £'000	2012 £'000
Amounts owed to subsidiary undertakings	1,137,571	1,097,506
Amounts owed to fellow group undertakings	1,124,672	1,124,672
	<u>2,262,243</u>	<u>2,222,178</u>

10. Share capital

	Authorised		Called up, issued and fully paid	
	Number	£'000	Number	£'000
<i>Ordinary shares of £0.10p each</i>				
At 1 January and 31 December 2013	40,000,000,000	4,000,000	4,064,224,008	406,422

11. Shareholders' funds

	Share capital £'000	Share premium £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 January 2013	406,422	858,648	508,000	223,340	1,996,410
Retained loss for the financial year	-	-	-	(40,065)	(40,065)
At 31 December 2013	<u>406,422</u>	<u>858,648</u>	<u>508,000</u>	<u>183,275</u>	<u>1,956,345</u>

12. Group accounts and cash flow statement

The company is not required to prepare group accounts under s400 of the Companies Act 2006 because its parent undertaking is established under the law of a member State of the European Union and the ultimate parent undertaking prepares group accounts. Accordingly these financial statements present information about this company as an individual undertaking and not as a group. Similarly, a cash flow statement is not required under Financial Reporting Standard 1(Revised)(Cash Flow Statements).

13. Ultimate parent company

The company's ultimate parent undertaking and controlling entity is Reed Elsevier Group plc, a company incorporated in Great Britain. The smallest and largest group into which the accounts of the company for the year ended 31 December 2013 are consolidated is Reed Elsevier Group plc. Copies of the consolidated accounts of Reed Elsevier Group plc may be obtained from its registered office at 1-3 Strand, London, WC2N 5JR. Reed Elsevier Group plc is jointly owned by Reed Elsevier PLC (a company incorporated in Great Britain) and Reed Elsevier NV (a company incorporated in the Netherlands).

NOTES TO THE ACCOUNTS
For the year ended 31 December 2013

14. Related party transactions

The company is exempt under the terms of Financial Reporting Standard 8 (Related Party Disclosures) from disclosing related party transactions with entities that are part of Reed Elsevier Group plc. There were no other related party transactions in the current or prior year.