Company Registration No. 5810043

Reed Elsevier (Investments) plc

Annual Report and Financial Statements

For the year ended 31 December 2014

Company Registration No. 5810043

OFFICERS AND PROFESSIONAL ADVISERS

Directors
K Bayazit
A Joseph (resigned 1 December 2014)
N Luff (appointed 2 October 2014)
H Udow

Secretary
A W McCulloch

Registered Office
1-3 Strand
London
WC2N 5JR

Auditor
Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Company Registration No. 5810043

STRATEGIC REPORT

PRINCIPAL ACTIVITY

The company's principal activities are the funding of the activities of RELX Group plc. The directors do not anticipate any change in these activities in the foreseeable future. The company was a wholly-owned subsidiary throughout the year.

BUSINESS REVIEW

The profit before taxation for the year was £1,553,000 (2013: £1,403,000). The retained profit of £1,553,000 (2013: £1,403,000) has been taken to reserves. In August 2014 the company issued term debt of £300 million paying a coupon of 2.75% and maturing in 2019.

RISK MANAGEMENT

The company is exposed to financial risk through its financial assets and liabilities. The key financial risks are credit risk and liquidity risk. Interest rate risk is mitigated by issuing borrowings at fixed rates of interest, or, where borrowings have been swapped to floating rates through the use of interest rate derivatives, by lending to the holding company and fellow subsidiary undertakings at floating rates of interest.

Credit risk is principally attributable to amounts owed by the holding company, and is not considered to be significant. Liquidity risk is not considered to be significant as the company's borrowings are largely matched by amounts receivable from the holding company.

The Strategic Report has been approved by the Board.

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

Alan McCulloch
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A McCulloch
Secretary 17 June 2015

Company Registration No. 5810043

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company together with the audited financial statements and supporting notes and the auditor's report for the year ended 31 December 2014.

The company has prepared accounts in accordance with s396 of the Companies Act 2006.

Dividends

No dividends were paid during the year (2013: nil).

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

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.

Auditor

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 auditor is 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 auditor is aware of that information.

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

Deloitte LLP were appointed as auditor of the company and have expressed their willingness to continue in office as the auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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

Alan McCulloch

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A McCulloch
Secretary 17 June 2015

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.

Company Registration No. 5810043

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REED ELSEVIER (INVESTMENTS) PLC

We have audited the financial statements of Reed Elsevier (Investments) plc for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. 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 thc 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 company's affairs as at 31 December 2014 and of its profit 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 Strategic Report and 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
- 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.

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

19 June, 2015

Company Registration No. 5810043

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Administrative expenses		**(97)**	-
Operating loss	2	**(97)**	-
Interest receivable and similar income	5	**43,840**	40,350
Interest payable and similar charges	6	**(42,190)**	(38,947)
Profit on ordinary activities before taxation		**1,553**	1,403
Tax on profit on ordinary activities	7	**-**	-
Profit on ordinary activities after taxation for the financial year	14	**1,553**	1,403

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 8 to 12 form part of these accounts.

Company Registration No. 5810043

BALANCE SHEET
As at 31 December 2014

	Note	2014 £'000	2013 £'000
Current assets			
Debtors (amounts falling due within one year)	9	**1,267,010**	1,137,586
Debtors (amounts falling due after more than one year)	10	**20,424**	19,051
Current liabilities			
Creditors (amounts falling due within one year)	11	**(214,770)**	(385,556)
Net current assets		**1,072,664**	771,081
Non-current liabilities			
Borrowings	12	**(1,014,956)**	(714,926)
Net assets		**57,708**	56,155
Capital and reserves			
Called up share capital	13	**50**	50
Share premium	14	**50,000**	50,000
Profit and loss account	14	**7,658**	6,105
Shareholders' funds		**57,708**	56,155

The notes on pages 8 to 12 form part of these accounts.

The financial statements of Reed Elsevier (Investments) plc, registered number 5810043, were approved by the Board of Directors and authorised for issue on 17 June 2015. They were signed on its behalf by:

N Luff
Director

NOTES TO THE ACCOUNTS
For the year ended 31 December 2014

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 entity principally provides funding for the activities of RELX Group plc for which management has assessed the relevant factors surrounding going concern and concludes that there are no material events or uncertainties that may cast significant doubt about the ability of the company to continue as a going concern. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

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.

Borrowing costs

Debt issuance costs are charged to the profit and loss account over the life of the related borrowings so as to produce a constant periodic rate of charge.

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.

Financial instruments

Financial instruments comprise debtors, cash, creditors and accruals, borrowings and derivative financial instruments.

Borrowings and payables are recorded initially at fair value, less directly attributable issuance costs if applicable, and subsequently carried at amortised cost (other than fixed rate borrowings in designated hedging relationships for which the carrying amount of the hedged portion of the borrowings is subsequently adjusted for the gain or loss attributable to the hedged risk).

Derivative financial instruments are used to hedge interest rate risk. Where an effective hedge is in place against changes in the fair value of fixed rate borrowings, the hedged borrowings are adjusted for changes in fair value attributable to the risk being hedged with a corresponding income or expense included in the profit and loss account within interest. The offsetting gains or losses from remeasuring the fair value of the related derivatives are also recognised in the profit and loss account within interest. When the related derivative expires, is sold or terminated, or no longer qualifies for hedge accounting, the cumulative change in fair value of the hedged borrowing is amortised in the profit and loss account over the period to maturity of the borrowing using the effective interest method. Any ineffective portion of hedges is recognised immediately in the profit and loss account.

The fair values of interest rate swaps represent the replacement costs calculated using observable market rates of interest. The fair value of long term borrowings is calculated by discounting expected future cash flows at observable market rates.

NOTES TO THE ACCOUNTS
For the year ended 31 December 2014

2. Operating profit

The directors received no emoluments (2013: nil) in respect of their services to the company.

3. Auditor's remuneration

Auditor's remuneration for the audit of the company's annual accounts was £8,000 (2013: £8,000) and was borne and not recharged by another group company for the current and preceding year.

4. Staff costs

The company has no employees (2013: nil).

5. Interest receivable and similar income

	2014 £'000	2013 £'000
Interest due from parent company	**43,632**	40,065
Interest due from fellow subsidiary undertakings	**208**	-
Fair value gains on designated fair value hedge relationships	-	271
Exchange gains	-	14
	43,840	40,350

6. Interest payable and similar charges

	2014 £'000	2013 £'000
On other borrowings repayable within 5 years not by instalments	**41,363**	36,091
Guarantee fees payable to Reed Elsevier PLC	**317**	220
Guarantee fees payable to Reed Elsevier NV	**317**	220
Fair value losses on designated fair value hedge relationships	**134**	-
Exchange losses	**59**	-
Interest payable to fellow subsidiary undertakings	-	2,416
	42,190	38,947

7. Tax on profit on ordinary activities

	2014 £'000	2013 £'000
United Kingdom corporation tax	-	-

The rate of current tax for the year is 21.50% (2013: 23.25%) based on the UK standard rate of corporation tax.

7. Tax on profit on ordinary activities (continued)

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

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	**1,553**	1,403
Expected tax charge at 21.5% (2013: 23.25%)	**334**	326
Group relief received for nil consideration	**(334)**	(326)
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.

8. Financial Instruments

Hedge accounting

The hedging relationships that are designated under FRS26 – Financial Instruments are described below:

Fair value hedges

The company has entered into interest rate swaps to hedge the exposure to changes in the fair value of fixed rate borrowings due to interest rate movements which could affect the profit and loss account.

Interest rate derivatives with a principal amount of £300 million were in place at 31 December 2014 (2013: £300 million) swapping a fixed rate term debt issue to floating rate debt for the whole of its term.

The gains and losses on the borrowings and related derivatives designated as fair value hedges, which are included in the profit and loss account, for the year ended 31 December 2014 were as follows:

Gains/(losses) on borrowings and related derivatives	1 January 2013 £'000	Fair value movement gain/(loss) £'000	**1 January 2014 £'000**	**Fair value movement gain/(loss) £'000**	**31 December 2014 £'000**
Debt	(35,812)	17,019	**(18,793)**	**(1,507)**	**(20,300)**
Related interest rate swaps	35,799	(16,748)	**19,051**	**1,373**	**20,424**
	(13)	271	**258**	**(134)**	**124**

All fair value hedges were highly effective throughout the two years ended 31 December 2014.

9. Debtors (falling due within one year)

	2014 £'000	2013 £'000
Amounts owed by parent company	**1,181,202**	1,137,571
Amounts owed by fellow subsidiary undertakings	**85,711**	-
Prepayments and accrued income	**97**	15
	1,267,010	1,137,586

NOTES TO THE ACCOUNTS
For the year ended 31 December 2014

10. Debtors (falling due after more than one year)

	2014 £'000	2013 £'000
Designated interest rate derivative	**20,424**	19,051

11. Creditors (falling due within one year)

	2014 £'000	2013 £'000
Amounts owed to fellow subsidiary undertakings	-	351,757
Amounts owed to Reed Elsevier PLC	**1,694**	1,364
Amounts owed to Reed Elsevier NV	**317**	220
Interest payable on borrowings	**8,656**	5,208
Borrowings – commercial paper	**70,997**	27,007
Bank overdraft	**133,106**	-
	214,770	385,556

The company's bank accounts are part of cash pooling arrangements together with its parent company and fellow subsidiary undertakings. The bank overdraft is therefore notionally offset by credit balances in the accounts of those other companies.

12. Borrowings – unsecured (falling due after one year)

	2014 £'000	2013 £'000
5.625% Public Notes 2016 – measured at amortised cost	**399,046**	398,515
7.000% Public Notes 2017 – in fair value hedging relationships	**318,522**	316,411
2.750% Public Notes 2019 – measured at amortised cost	**297,388**	-
	1,014,956	714,926

In August 2014 the company issued term debt of £300 million paying a coupon of 2.75% and maturing in 2019.

The total fair value of borrowings measured at amortised cost is £745 million (2013: £445 million). The total fair value of borrowings in fair value hedging relationships is £348 million (2013: £355 million).

NOTES TO THE ACCOUNTS
For the year ended 31 December 2014

13. Share capital

	Authorised		Called up, issued and fully paid	
	Number	£	Number	£
Ordinary shares of £1 each				
At 1 January and 31 December 2014	**50,000**	**50,000**	**50,000**	**50,000**

14. Shareholders' funds

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
At 1 January 2014	50	50,000	6,105	**56,155**
Retained profit for the financial year	-	-	1,553	**1,553**
At 31 December 2014	**50**	**50,000**	**7,658**	**57,708**

15. Cash flow statement

A cash flow statement is not required under Financial Reporting Standard 1(Revised) (Cash Flow Statements) as the ultimate parent undertaking prepares group accounts which are publicly available.

16. Ultimate parent company

The company's ultimate parent undertaking and controlling entity is RELX 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 2014 are consolidated is RELX Group plc. Copies of the consolidated accounts of RELX Group plc may be obtained from its registered office at 1-3 Strand, London, WC2N 5JR. RELX 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).

17. 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 RELX Group plc. There were no other related party transactions in the current or prior year.