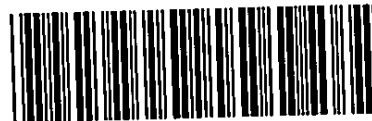


**BERTRAM TRADING LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2011**

WEDNESDAY



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# **BERTRAM TRADING LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2011**

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# **BERTRAM TRADING LIMITED**

## **COMPANY INFORMATION**

### **DIRECTORS**

J M Bunting  
S J Carter (Resigned 11 March 2011)  
M R Cashmore  
N J Gresham (Appointed 1 September 2010)  
N W Harknett (Appointed 1 September 2011, Resigned 5 March 2012)  
I A Hendrie  
G P Leech (Resigned 31 August 2011)  
M H Neil (Resigned 24 December 2010)  
G A Underhill

### **SECRETARY**

D J Murray (Appointed 24 September 2010, Resigned 14 January 2011)  
C A White (Resigned 24 September 2010, Appointed 14 January 2011)

### **REGISTERED OFFICE**

Wakefield House  
Pipers Way  
Swindon  
Wiltshire  
SN3 1RF

### **COMPANY NUMBER**

06849888

### **AUDITORS**

Deloitte LLP  
Reading, United Kingdom

### **BANKERS**

Barclays Bank PLC  
Richmond Branch  
8 George Street  
Richmond  
Surrey  
TW9 1JU

The Royal Bank of Scotland PLC  
13-19 Derby Road  
Nottingham  
NG1 5AA

Lloyds TSB Bank PLC  
PO Box 72  
Bailey Drive  
Gillingham Business Park  
Gillingham  
Kent  
ME8 0LS

# **BERTRAM TRADING LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 August 2011

### **PRINCIPAL ACTIVITY**

The principal activity of the Company is the supply of books and audio visual material to retailers, libraries, schools, colleges and other institutions

### **BUSINESS REVIEW**

The Company is a wholly owned subsidiary of Smiths News Investments Limited. Its ultimate parent company is Smiths News PLC.

The years reported upon represented satisfactory years of trading against a backdrop of difficult UK retail trading combined with the impact of the governments' austerity measures on Public Library budgets in the years

The purchase of Dawson Books by the Smiths News Group continues to demonstrate the group's commitment to the Book market and complements the Bertrams business by providing entry into both the academic library market and the eBook market

During the year, the Company completed the process of closing down the Bertram Library Services operation located in Leeds and relocating its operational processing to the Norwich Head Office. The Leeds property was sold subsequent to the balance sheet date and is therefore classified as assets held for sale.

New banking facilities were agreed and entered into during the year with Barclays bank with a minimum period to November 2014 and provide the Company with the finances required to continue to operate and grow the business.

There are no further matters to report under Section 417 of the Companies Act 2006.

### **KEY PERFORMANCE INDICATORS (KPIs)**

The Company uses a range of KPIs to monitor and manage the business effectively. These are both financial and non-financial.

The financial KPIs are turnover, gross profit, gross margin (%), earnings before interest, tax, depreciation and amortisation (EBITDA), and EBITDA %. These KPIs indicate the volume of work the Company has undertaken as well as the efficiency and profitability with which this work has been delivered.

The KPIs for the year ended 31 August 2011 are set out below.

	<b>Year Ended 31 August 2011</b>	<b>Year Ended 31 August 2010</b>
Turnover (£'000s)	131,752	137,109
Gross profit (£'000s)	22,406	25,364
Gross margin (%)	17.0	18.5
EBITDA (£'000s)	4,329	4,668
EBITDA %	3.3	3.4

# **BERTRAM TRADING LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **RISKS AND UNCERTAINTIES**

#### **Financial risk management objectives and policies**

The Company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit risk, interest rate risk and liquidity risk. Given the size of the Company the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of directors are implemented by the Company's finance department.

#### ***Credit risk:***

The Company's principal credit risk relates to the recovery of amounts owed by trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history, debts are actively chased by the credit control department.

#### ***Interest rate risk:***

The Company's external borrowings attract interest at a rate which combines fixed and variable elements.

#### ***Liquidity risk:***

Current and projected working capital demand is reviewed in conjunction with existing financing facilities to determine cash requirements as part of the routine reporting process. The financing agreement is secured by a book debt debenture on trade debtors assigned to the financing provider, allowing the draw down of 85% of the debtors book value up to a maximum of £15m. The Company also has the ability to draw upon support from its ultimate parent company.

#### ***Currency risk.***

The Company has a minimal exposure to translation and transaction foreign exchange risk. This is achieved by invoicing export accounts in sterling and by buying largely from UK suppliers.

#### ***Business risk.***

The Company has relatively secure revenues by performing the majority of trading with established customers, the library business trading under sales contracts with an average term of 3 years.

The general economic environment remains uncertain. Demand for books however is seen to be relatively resilient against any impact upon discretionary consumer spend, mitigated by the Company strategy to target areas of market growth. It is recognised that there will be a continuing pressure on public sector spending which will be likely to have an ongoing impact on sales to public libraries.

### **GOING CONCERN**

Having considered the principal risks and uncertainties as detailed above, and taking into account the Company's own available facilities and the financial strength of the group company which provides the inter-company finance and the current economic environment, the directors have a reasonable expectation that the Company has the required resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual report and accounts.

### **RESULTS**

The results for the year ended 31 August 2011 are set out on page 8.

### **DIVIDENDS**

The directors do not recommend the payment of a dividend for the year ended 31 August 2011 (2010: £nil).

### **DIRECTORS**

The directors, who with the exception of S J Carter, N J Gresham, N W Harknett, G P Leech and M H Neil served throughout the period and up to the date of signing this report, are shown on page 1.

### **DIRECTORS INDEMNITIES**

The Company maintains liability insurance for its directors, with a cover limit for each claim or series of claims against them in that capacity. The directors have also been granted a qualifying third party provision under section 234 of the Companies Act 2006.

# **BERTRAM TRADING LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

The risks faced by the Company are discussed in greater detail above

### **SUPPLIER PAYMENT POLICY**

The Company's policy for the payment of suppliers, which complies with the CBI Code of Practice for Buyers, is to agree the terms of payment in advance in line with normal trade practice and, provided a supplier performs in accordance with the agreement, to abide by such terms

### **EMPLOYEES**

The Company employs 483 people throughout the United Kingdom and has an established system for communicating information on its performance and other significant issues affecting the business. The Company's open management style encourages employees to contribute to the development of the business.

The Board believes in creating throughout the Company a culture that is free from discrimination and harassment and will not permit or tolerate discrimination in any form. The Company gives proper consideration to applications for employment from disabled people. Should an employee become disabled when working for the Company, efforts are made to continue their employment and retraining is provided if necessary.

### **CORPORATE RESPONSIBILITY**

The Company takes a positive approach to corporate responsibility ("CR"). We take pride in the way we work and the benefits we bring to the communities we serve. We recognise too that responsible practice brings efficiencies and commercial benefits.

We have clear policies that ensure our day-to-day operation meets agreed standards. These are supplemented by initiatives that aim to improve targeted areas.

A group wide Corporate Responsibility Committee oversees the management of our CR programme, working to achieve clear objectives which are reviewed annually. The Committee reports to the Executive and gives the Board regular updates on any significant issues. The Board considers a full progress report every year.

The Committee comprises managers with responsibility for our focus areas: community, workplace, marketplace and environment. Its objectives are aligned with those of our day-to-day operation. This approach ensures that CR is an integral part of how we operate.

### **POLITICAL AND CHARITABLE DONATIONS**

Charitable donations during the year ended 31 August 2011 totalled £50 (2010: £6,664).

It is the Company's policy not to make political donations and no political donations were made in the year.

# **BERTRAM TRADING LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **AUDITORS**

Each of the directors at the date of approval of this report confirms that

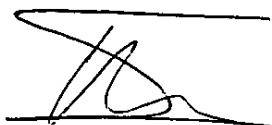
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

Deloitte LLP will continue in office as auditors to the Company

This report was approved by the Board on 28 May 2012

By Order of the Board

A handwritten signature in black ink, appearing to be 'I A Hendrie', written over a horizontal line.

I A Hendrie  
Director

## **BERTRAM TRADING LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERTRAM TRADING LIMITED**

We have audited the financial statements of Bertram Trading Limited for the year ended 31 August 2011, which comprise the profit and loss account, the balance sheet and the related notes 1 to 21. 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 auditors' 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 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 (APB'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. 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 August 2011 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 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.



Andrew Bond (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Reading, United Kingdom  
28 May 2012

# BERTRAM TRADING LIMITED

## PROFIT AND LOSS ACCOUNT For the year ended 31 August 2011

	Note	Year ended 31 August 2011 £'000	Year ended 31 August 2010 £'000
Turnover	2	131,752	137,109
Cost of sales		(109,346)	(111,745)
<b>Gross profit</b>		<u>22,406</u>	<u>25,364</u>
Selling and distribution costs		(12,873)	(14,095)
Administrative expenses		(5,834)	(7,253)
Amortisation of goodwill		(1,219)	(1,271)
<b>Operating profit</b>		<u>2,480</u>	<u>2,745</u>
Reorganisation costs	5	-	(622)
Net finance costs	6	(486)	(739)
<b>Profit on ordinary activities before tax</b>	7	<u>1,994</u>	<u>1,384</u>
Tax on profit on ordinary activities	8	(756)	(410)
<b>Profit on ordinary activities after tax</b>	18	<u><u>1,238</u></u>	<u><u>974</u></u>

All results are derived from continuing operations

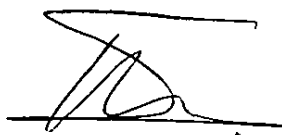
There are no recognised gains or losses for the current period other than as stated in the profit and loss account  
Accordingly a statement of total recognised gains and losses has not been provided

# BERTRAM TRADING LIMITED

## BALANCE SHEET As at 31 August 2011

	Note	31 August 2011 £'000	31 August 2010 £'000
<b>Fixed assets</b>			
Intangible assets - Goodwill	9	6,121	7,339
Tangible assets	10	5,522	5,261
		<u>11,643</u>	<u>12,600</u>
<b>Current assets</b>			
Stocks	11	18,408	16,231
Debtors - due within one year	12	19,420	17,911
Cash at bank and in hand		-	4,094
		<u>37,828</u>	<u>38,236</u>
<b>Creditors' amounts falling due within one year</b>	13	<u>(35,869)</u>	<u>(31,063)</u>
<b>Net current assets</b>		<u>1,959</u>	<u>7,173</u>
<b>Total assets less current liabilities</b>		13,602	19,773
<b>Creditors: amounts falling due after more than one year</b>	14	(10,121)	(17,135)
<b>Provisions for liabilities</b>	15	(280)	(388)
<b>Net assets</b>		<u>3,201</u>	<u>2,250</u>
<b>Capital and reserves</b>			
Called up share capital	16	1,000	1,000
Profit and loss account	17	2,201	1,250
<b>Shareholder's funds</b>		<u>3,201</u>	<u>2,250</u>

These financial statements of Bertram Trading Limited, company number 06849888, were approved by the Board of directors and authorised for issue on 28 May 2012. They were signed on its behalf by



I A Hendrie  
Director

# **BERTRAM TRADING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**31 August 2011**

### **1. ACCOUNTING POLICIES**

#### **Accounting convention**

The financial statements are prepared in compliance with the Companies Act 2006 and in accordance with applicable United Kingdom law and accounting standards. The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding period.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

In accordance with FRS 1 "Cash Flow Statements" (Revised 1996), a statement of cash flows has not been prepared, as cash flow information has been shown in the financial statements of the ultimate parent company.

#### **Going concern**

Having considered the principal risks and uncertainties as in the directors' report, the financial strength of the Group Company which provides the inter-company finance and the current economic environment, the directors have a reasonable expectation that the company has the required resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual report and accounts.

#### **Turnover**

Turnover represents amounts receivable for goods provided net of VAT and discounts and excludes the sales value of estimated returns. The turnover is recognised at the point at which the Company has fulfilled its obligation with respect to the sale, which occurs at the point at which goods are despatched to the customer.

#### **Pension costs**

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits 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 in the balance sheet.

#### **Finance costs**

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at the applicable rate on the carrying amount.

#### **Leases**

Rental costs under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and depreciation is provided in accordance with the Company's accounting policy for that class of asset. The capital element of future lease obligations are recorded as liabilities, whilst the interest elements are charged to the profit and loss account over accounting periods based on the outstanding capital element of the lease.

#### **Intangible assets – goodwill**

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 7.5 years. Provision is made for any impairment.

# BERTRAM TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 31 August 2011

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows

Freehold buildings	-	over 20 years
Short leasehold properties	-	shorter of the lease period and the estimated remaining economic life
Plant, Fixtures and fittings	-	3 to 10 years

#### Stocks

Stocks comprise goods for resale and are stated at the lower of cost and net realisable value. Cost is the purchase price of the stock. Net realisable value is based on estimated selling price. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### Taxation

Current tax is provided at amounts expected to be recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### 2. TURNOVER

Turnover, which is attributable to the principal activity of the Company, represents the value of sales invoiced excluding value added tax. Turnover is generated from the supply of books and other media products.

The analysis of turnover by geographical area is as follows

	Year ended 31 August 2011 £'000	Year ended 31 August 2010 £'000
United Kingdom	101,847	114,188
Rest of the World	29,905	22,921
	<u>131,752</u>	<u>137,109</u>

# BERTRAM TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 31 August 2011

### 3. EMPLOYEE AND STAFF COSTS

	Year ended 31 August 2011 £'000	Year ended 31 August 2010 £'000
Wages and salaries	7,427	9,046
Social security	654	754
Pension costs	205	245
	<u>8,286</u>	<u>10,045</u>

#### Total number of employees

The average total monthly number of employees (including executive directors) was

	Year ended 31 August 2011 Number	Year ended 31 August 2010 Number
Operations	337	385
Support functions	146	175
Total	<u>483</u>	<u>560</u>

### 4. DIRECTORS' REMUNERATION

	Year ended 31 August 2011 £'000	Year ended 31 August 2010 £'000
<b>Directors' remuneration</b>		
Emoluments	297	561
Compensation for loss of office	40	-
Company contributions to defined contribution pension schemes	11	19
<b>Remuneration of the highest paid director:</b>		
Emoluments	161	240
Company contributions to defined contribution pension schemes	6	8
	<u></u>	<u></u>

#### The number of directors who:

Are members of a defined contribution pension scheme	<u>1</u>	<u>3</u>
--	----------	----------

The highest paid director is a member of the Company's defined contribution pension scheme. There were no other transactions with directors.

Five of the directors are remunerated by other companies within the Smiths News Group, no amount of this remuneration has been allocated to this Company.

# **BERTRAM TRADING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**31 August 2011**

### **5. REORGANISATION COSTS**

Reorganisation costs in the current year total £nil (2010 £622,000) Costs incurred in 2010 related to the transfer of the business operations of Bertram Library Services (BLS) from Leeds to Norwich

This was to enable cost reduction, improvements in customer lead time of order processing within the BLS business, and environmental benefits

Implementation began in July 2010 including preparation of the Norwich site for the BLS warehouse operation and showroom, phased transfer of the BLS warehouse operation to Norwich, transfer of the BLS office function to Bradford and close down of the Leeds site

### **6. NET FINANCE COSTS**

	<b>Year ended 31 August 2011 £'000</b>	<b>Year ended 31 August 2010 £'000</b>
<b>Interest payable and similar charges</b>		
Interest payable on bank overdrafts and loans	275	397
Interest payable under finance leases	9	30
Interest payable to group undertakings	202	312
	<u>486</u>	<u>739</u>

### **7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX**

	<b>Year ended 31 August 2011 £'000</b>	<b>Year ended 31 August 2010 £'000</b>
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of owned assets	564	312
Depreciation of assets held under finance leases	65	340
Amortisation of goodwill	1,218	1,271
Operating lease rentals		
- Plant and machinery	70	80
- Other	992	898
Operating lease rental income - land and buildings	(219)	(212)
Auditors' fees - audit services	43	35
	<u></u>	<u></u>

# BERTRAM TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 31 August 2011

### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 August 2011 £'000	Year ended 31 August 2010 £'000
Current Tax		
UK corporation tax	864	355
Adjustment in respect of previous periods	(356)	(6)
Total current tax	508	349
Deferred tax		
Origination and reversal of timing differences	20	3
Adjustment in respect of previous periods	228	59
Effect of tax rate change on opening balances	-	(1)
Tax on profit on ordinary activities	756	410

#### Reconciliation of the current tax charge:

	Year ended 31 August 2011 £'000	Year ended 31 August 2010 £'000
Profit on ordinary activities before taxation	1,994	1,384
Tax on ordinary activities at standard UK corporation tax rate of 27% (2010 28%)	542	388
Effects of		
Expenses not deductible for tax purposes	327	56
Income not taxable	-	-
Capital allowances in excess of depreciation	-	(80)
Other short term timing differences	(5)	(9)
Adjustments to tax charge in respect of previous periods	(356)	(6)
Total current tax charge	508	349



# BERTRAM TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 August 2011

### 9. INTANGIBLE FIXED ASSETS - GOODWILL

	Total £'000
<b>Cost</b>	
At 1 September 2010 and 31 August 2011	9,159
<b>Amortisation:</b>	
At 1 September 2010	(1,820)
Charge for the year	(1,218)
At 31 August 2011	(3,038)
<b>Net book value:</b>	
At 31 August 2010	7,339
At 31 August 2011	6,121

### 10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant, fixtures & fittings £'000	Total £'000
<b>Cost</b>			
At 1 September 2010	890	5,282	6,172
Additions	-	936	936
At 31 August 2011	890	6,218	7,108
<b>Accumulated depreciation</b>			
At 1 September 2010	(18)	(893)	(911)
Charge for the year	(14)	(615)	(629)
Impairment losses	(46)	-	(46)
At 31 August 2011	(78)	(1,508)	(1,586)
<b>Net book value:</b>			
At 31 August 2010	872	4,389	5,261
At 31 August 2011	812	4,710	5,522

Assets held under finance leases within plant, fixtures and fittings category have a net book value of £200,000 (2010 £266,000) The depreciation charge for the period on these assets was £65,000 (2010 £340,000)

The estimated useful economic life of an asset within Plant, fixtures & fittings was extended by 5 years as at 1 September 2010 as it was decided by the directors that the asset was likely to be useful for a further 5 years in addition to the 10 months useful economic life remaining at that date

As at year end there was intent to sell the freehold land and buildings, triggering an impairment review, with impairment charged of £46,000 to align the asset's carrying value with the agreed sale price

# BERTRAM TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 31 August 2011

### 11. STOCKS

	31 August 2011 £'000	31 August 2010 £'000
Raw materials and consumables	132	124
Work in progress	717	564
Finished goods and goods for resale	17,559	15,543
	<u>18,408</u>	<u>16,231</u>

The directors do not consider the replacement cost of stock to be materially different from the value stated above

### 12. DEBTORS

	31 August 2011 £'000	31 August 2010 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	15,399	16,748
Amounts owed by group undertakings	732	320
Other debtors	2,526	153
Prepayments and accrued income	763	641
Corporation tax asset	-	49
	<u>19,420</u>	<u>17,911</u>

### 13. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 August 2011 £'000	31 August 2010 £'000
Bank overdraft	1,351	-
Amounts owed under finance leases	-	240
Trade creditors	32,358	28,590
Corporation tax liability	600	-
Other taxation and social security	158	418
Accruals and deferred income	1,402	1,815
	<u>35,869</u>	<u>31,063</u>

# **BERTRAM TRADING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **31 August 2011**

### **14 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	<b>31 August 2011 £'000</b>	<b>31 August 2010 £'000</b>
Amounts owed to group undertakings	<u>10,121</u>	<u>17,135</u>

The borrowings noted above are with Smiths News Trading Limited, a subsidiary of Smiths News PLC

The maturity of obligations under finance leases is as follows	<b>31 August 2011 £'000</b>	<b>31 August 2010 £'000</b>
In 1 year or less	<u>-</u>	<u>240</u>
	<u>-</u>	<u>240</u>

Obligations under finance leases are secured on the assets concerned and included in note 10

# BERTRAM TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 August 2011

### 15. PROVISIONS FOR LIABILITIES

	Deferred Taxation £'000	Other £'000	Total £'000
As at 1 September 2010	(32)	(356)	(388)
Charged to profit and loss account	(258)	-	(258)
Utilised Provision	10	356	366
As at 31 August 2011	(280)	-	(280)

#### Deferred tax

Deferred tax is provided as follows,

	31 August 2011 £'000	31 August 2010 £'000
Accelerated capital allowances	(290)	(120)
Other short term differences	10	88
Deferred tax liability (note 8)	(280)	(32)

Other provisions in the prior year related to a restructuring provision for redundancy costs relating to the reorganisation costs, as disclosed in note 5, all of which were utilised during the current financial year

### 16. CALLED UP SHARE CAPITAL

	31 August 2011 £'000	31 August 2010 £'000
Authorised, allotted, called-up and fully paid 1,000,001 ordinary shares of £1 each	1,000	1,000

### 17. COMBINED STATEMENT OF MOVEMENTS IN SHAREHOLDER'S FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Share Capital £'000	Profit and loss account £'000	31 August 2011 Total £'000	31 August 2010 Total £'000
At start of period	1,000	1,250	2,250	1,120
Profit for the financial year	-	1,238	1,238	974
Recognition of share based payments	-	-	-	156
Debit to equity for share based payments	-	(287)	(287)	-
At end of period	1,000	2,201	3,201	2,250

# BERTRAM TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 August 2011

### 18. ANNUAL COMMITMENTS UNDER OPERATING LEASES

Annual commitments under non-cancellable operating leases are as follows

	Land and Buildings £'000	2011 Equip- ment and vehicles £'000	Total £'000	Land and Buildings £'000	2010 Equip- ment and vehicles £'000	Total £'000
Expiring within 1 year	-	14	14	-	9	9
Expiring within 2 to 5 years	-	45	45	-	45	45
Expiring thereafter	883	-	883	884	-	884
Total	883	59	942	884	54	938

### 19. SHARE-BASED PAYMENTS

The Smiths News Group operates share schemes for its employees. The Company recognised a total credit of £287,000 (2010 £156,000 expense) in relation to equity-settled share-based payment transactions.

Average share price throughout the year was 98 1p (2010 114 5p)

#### Sharesave Scheme

Under the terms of the Smiths News Sharesave Scheme, the Board of Smiths News PLC may grant options to purchase ordinary shares in Smiths News PLC to eligible employees who enter into an HM Revenue & Customs approved Save-As-You-Earn ('SAYE') savings contract for a term of three or five years. Options are granted at a 20 per cent discount to the market price of the shares on the day preceding the date of offer and are normally exercisable for a period of six months after completion of the SAYE contract.

	Number of options	2011 Weighted average exercise price	Number of options	2010 Weighted average exercise price
Outstanding at the beginning of the year	165,127	83 1p	173,557	79 2p
Granted	20,649	80 7p	33,582	98 4p
Exercised	(575)	79 2p	(789)	79 2p
Forfeited	(28,486)	84 7p	(41,223)	79 2p
Outstanding at the end of the year	156,715	82 5p	165,127	83 1p
Exercisable at the end of the year	-	-	-	-

# BERTRAM TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 August 2011

### 19. SHARE-BASED PAYMENTS (CONTINUED)

Outstanding options granted under the Sharesave Scheme as at 31 August 2011 are as follows

Date of grant	Number of options	Weighted average exercise price	2011 Weighted average remaining contractual life (years)	Number of options	Weighted average exercise price	2010 Weighted average remaining contractual life (years)
24 June 2009 (3 Years)	94,817	79 2p	1 5	113,762	79 2p	2 5
24 June 2009 (5 Years)	15,807	79 2p	3 5	17,783	79 2p	4 5
2 June 2010 (3 Years)	16,594	98 4p	2 4	23,786	98 4p	3 4
2 June 2010 (5 Years)	8,848	98 4p	4 4	9,796	98 4p	5 4
1 June 2011 (3 Years)	14,534	80 7p	3 4	-	-	-
1 June 2011 (5 Years)	6,115	80 7p	5 4	-	-	-
	<u>156,715</u>	<u>82 5p</u>	<u>2 3</u>	<u>165,127</u>	<u>83 1p</u>	<u>3 0</u>

### LTIP

Under the terms of the Smiths News LTIP, executive directors and key senior executives may be awarded each year conditional entitlements to ordinary shares in Smiths News PLC (in the form of nil cost options) or, in order to retain flexibility and at the discretion of Smiths News PLC, a cash sum linked to the value of a notional award of shares up to a value of 200 per cent of base salary. The vesting of awards is subject to the satisfaction of a performance condition, which is determined by the Remuneration Committee of Smiths News PLC at the time of grant.

	2011 Number of options	2010 Number of options
Outstanding at the beginning of the year	966,553	799,390
Granted	72,246	167,163
Forfeited	(434,431)	-
Outstanding at the end of the year	<u>604,368</u>	<u>966,553</u>
Exercisable at the end of the year	<u>-</u>	<u>-</u>

# BERTRAM TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 August 2011

### 19 SHARE-BASED PAYMENTS (CONTINUED)

Outstanding awards granted under the LTIP as at 31 August 2011 are as follows

Date of grant	Number of awards 2011	Weighted average remaining contractual life (years) 2011	Number of awards 2010	Weighted average remaining contractual life (years) 2010
30 April 2009	475,192	7.7	799,390	8.7
26 November 2009	56,930	8.2	167,163	9.2
11 August 2011	72,246	9.9	-	-
	<u>604,368</u>	<u>8.0</u>	<u>966,553</u>	<u>8.8</u>

#### Executive Share Option Scheme

Under the terms of the Smiths News Executive Share Option Scheme, the Board of Smiths News PLC may grant options to purchase ordinary shares in Smiths News PLC to executives up to an annual limit of 200 per cent of base salary. The exercise of options is conditional on the achievement of a performance target, which is determined by the Remuneration Committee of Smiths News PLC at the time of grant.

	Number of options 2011	Weighted average exercise price 2011	Number of options 2010	Weighted average exercise price 2010
Outstanding at the beginning of the year	131,036	107.5p	-	-
Granted	220,490	92.2p	131,036	107.5p
Forfeited	(43,766)	107.5p	-	-
Outstanding at the end of the year	<u>307,760</u>	<u>96.5p</u>	<u>131,036</u>	<u>107.5p</u>
Exercisable at the end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

# BERTRAM TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 August 2011

### 19. SHARE-BASED PAYMENTS (CONTINUED)

Outstanding options granted under the Executive Share Option Scheme as at 31 August 2011 are as follows

Date of grant	Number of options 2011	Weighted average exercise price 2011	Weighted average remaining contractual life (years) 2011	Number of options 2010	Weighted average exercise price 2010	Weighted average remaining contractual life (years) 2010
26 November 2009	87,270	107 5p	8 2	131,036	107 5p	9 2
15 June 2011	220,490	92 2p	9 8	-	-	-
	<u>307,760</u>	<u>96 5p</u>	<u>9 3</u>	<u>131,036</u>	<u>107 5p</u>	<u>9 2</u>

#### Sharesave Scheme and Executive Share Option Scheme

The share options granted during each period have been valued using a Black-Scholes model

The inputs to the Black-Scholes model are as follows

	Sharesave Scheme		Executive Share Option Scheme	
	2011	2010	2011	2010
Share price at grant date - pence	100 9	119 5	92 2	110 0
Exercise price - pence	80 7	98 4	92 2	110 0
Expected volatility – per cent	35 0	38 0	35 0	40 0
Expected life - years	3 0-5 0	3 0-5 0	3 0	3 0
Risk free rate – per cent	3 4	2 7	3 4	2 5
Dividend yield – per cent	8 7	5 7	8 7	6 4
Weighted average fair value - pence	<u>11 4</u>	<u>30 3</u>	<u>13 0</u>	<u>18 2</u>

Expected volatility was based on the median three-year share price volatility of 42 FTSE Support Services companies

#### Awards

The fair values of the LTIP awards granted in 2011 were measured by reference to the share price at date of grant discounted by the estimated dividend yield per cent

The inputs into this calculation were as follows

	2011	2010
Share price – pence	84 7	107 5
Dividend yield – per cent	8 7	6 4
Weighted average fair value – pence	<u>70 6</u>	<u>88 2</u>



# **BERTRAM TRADING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**31 August 2011**

### **20. SUBSEQUENT EVENTS**

As part of the reorganisation detailed in note 5, the sale of £812,000 of freehold land and buildings was completed on 11 October 2011, with consideration received equal to the carrying value

### **21. PARENT AND CONTROLLING COMPANY**

The ultimate parent and controlling company is Smiths News PLC, a public company incorporated in England and Wales with registration number 5195191, which is the only group to prepare consolidated financial statements. The immediate parent company is Smiths News Investments Limited. Copies of the group financial statements are available from

The Company Secretary  
Smiths News PLC  
Wakefield House  
Pipers Way  
Swindon  
SN3 1RF