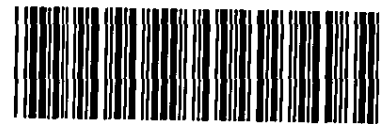


BERTRAM TRADING LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2012

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BERTRAM TRADING LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

CONTENTS	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities	6
Independent auditors' report	7
Profit and loss account	8
Balance sheet	9
Notes to the financial statements	10

BERTRAM TRADING LIMITED

COMPANY INFORMATION

DIRECTORS

J M Bunting
M R Cashmore
N J Gresham
N W Harknett (Resigned 5 March 2012)
I A Hendrie
G A Underhill

SECRETARY

S S Marriner (Appointed 22 June 2012)
C A White (Resigned 22 June 2012)

REGISTERED OFFICE

Rowan House
Cherry Orchard North
Kembrey Park
Swindon
Wiltshire
SN2 8UH

COMPANY NUMBER

06849888

AUDITORS

Deloitte LLP
Reading, United Kingdom

BANKERS

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

BERTRAM TRADING LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 August 2012

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 year reported upon represented a satisfactory year of trading against the backdrop of a difficult UK retail trading environment with the company recording growth in reported sales in the UK and internationally.

During the year some of the operations of Dawson Books Ltd, a fellow subsidiary of Smiths News PLC were migrated to the Norwich operation resulting in a significant reorganisation of the head office functions and the senior management team, this resulted in the reorganisation costs being incurred in the year.

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 2012 are set out below.

	Year Ended 31 August 2012	Year Ended 31 August 2011
Turnover (£'000s)	145,558	131,752
Gross profit (£'000s)	23,874	22,406
Gross margin (%)	16.4	17.0
EBITDA (£'000s)	4,956	4,329
EBITDA %	3.4	3.3

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 challenging with continued pressure significantly on the UK high street. 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 also recognised that there will be 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 current uncertain 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 2012 are set out on page 8.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 August 2012 (2011: £nil).

DIRECTORS

The directors, who with the exception of N W Harknett, served throughout the period and up to the date of signing this report, are shown on page 1.

BERTRAM TRADING LIMITED

DIRECTORS' REPORT (CONTINUED)

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.

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 460 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 2012 totalled £500 (2011: £50).

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

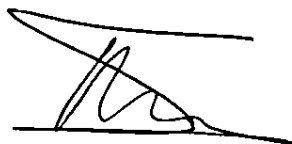
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as director to make himself aware of any relevant audit information and to establish that the Company's auditors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

This report was approved by the Board on 14 February 2013

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 2012, which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. 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 2012 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 ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Reading, United Kingdom
14 February 2013

BERTRAM TRADING LIMITED

PROFIT AND LOSS ACCOUNT **For the year ended 31 August 2012**

	Note	Year ended 31 August 2012 £'000	Year ended 31 August 2011 £'000
Turnover	2	145,558	131,752
Cost of sales		(121,684)	(109,346)
Gross profit		23,874	22,406
Selling and distribution costs		(13,417)	(12,873)
Administrative expenses		(6,275)	(5,834)
Amortisation of goodwill		(1,219)	(1,219)
Operating profit		2,963	2,480
Reorganisation costs	5	(274)	-
Net finance costs	6	(440)	(486)
Profit on ordinary activities before tax	7	2,249	1,994
Tax on profit on ordinary activities	8	(651)	(756)
Profit on ordinary activities after tax	17	1,598	1,238

All results are derived from continuing operations

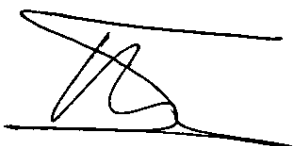
There are no recognised gains or losses for the current period other than as stated in the profit and loss account
Accordingly a statement of total recognised gains and losses has not been provided

BERTRAM TRADING LIMITED

BALANCE SHEET As at 31 August 2012

	Note	31 August 2012 £'000	31 August 2011 £'000
Fixed assets			
Intangible assets - Goodwill	9	4,902	6,121
Tangible assets	10	4,956	5,522
		<u>9,858</u>	<u>11,643</u>
Current assets			
Stocks	11	17,811	18,408
Debtors - due within one year	12	39,347	19,420
		<u>57,158</u>	<u>37,828</u>
Creditors: amounts falling due within one year	13	<u>(42,452)</u>	<u>(35,869)</u>
Net current assets		<u>14,706</u>	<u>1,959</u>
Total assets less current liabilities		24,564	13,602
Creditors: amounts falling due after more than one year	14	(19,082)	(10,121)
Provisions for liabilities	15	(583)	(280)
Net assets		<u>4,899</u>	<u>3,201</u>
Capital and reserves			
Called up share capital	16	1,000	1,000
Profit and loss account	17	3,899	2,201
Shareholder's funds		<u>4,899</u>	<u>3,201</u>

These financial statements of Bertram Trading Limited, company number 06849888, were approved by the Board of directors and authorised for issue on 14 February 2013. They were signed on its behalf by



I A Hendrie
Director

BERTRAM TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

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 preceeding 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 uncertain 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.

Related parties

The company has taken advantage of the exemption under FRS 8 'Related Party Transactions' not to disclose details of its transactions with its parent company and with other group companies.

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 2012

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
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 2012 £'000	Year ended 31 August 2011 £'000
United Kingdom	114,188	101,847
Rest of the World	31,370	29,905
	<u>145,558</u>	<u>131,752</u>

BERTRAM TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 August 2012

3. EMPLOYEE AND STAFF COSTS

	Year ended 31 August 2012 £'000	Year ended 31 August 2011 £'000
Wages and salaries	6,870	7,427
Social security	593	654
Pension costs	204	205
	<u>7,667</u>	<u>8,286</u>

Total number of employees

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

	Year ended 31 August 2012 Number	Year ended 31 August 2011 Number
Operations	315	337
Support functions	145	146
Total	<u>460</u>	<u>483</u>

4. DIRECTORS' REMUNERATION

	Year ended 31 August 2012 £'000	Year ended 31 August 2011 £'000
Directors' remuneration		
Emoluments	150	297
Compensation for loss of office	0	40
Company contributions to defined contribution pension schemes	6	11
Remuneration of the highest paid director:		
Emoluments	150	161
Company contributions to defined contribution pension schemes	6	6
	<u>156</u>	<u>167</u>

The number of directors who:

Are members of a defined contribution pension scheme	<u>1</u>	<u>1</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 2012

5. REORGANISATION COSTS

Reorganisation costs in the current year total £274k (2011 £nil). Costs incurred relate to the transfer and integration of certain business operations of Dawson Books Limited, a subsidiary of Smiths News Holdings Limited, from Rushden into the Bertram Trading Limited head office in Norwich.

This was to enable cost reduction, improvements in customer lead time of order processing and environmental benefits across both the Bertram Trading Limited and Dawson Books Limited businesses.

Implementation began in April 2012 including preparation of the Norwich site for the Dawson Books Limited warehouse operation, phased transfer of the warehouse operation to Norwich, and transfer of the Dawson Books Limited Finance and HR functions to Norwich.

6. NET FINANCE COSTS

	Year ended 31 August 2012 £'000	Year ended 31 August 2011 £'000
Interest payable and similar charges		
Interest payable on bank overdrafts and loans	281	275
Interest payable under finance leases	-	9
Interest payable to group undertakings	159	202
	<u>440</u>	<u>486</u>

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

	Year ended 31 August 2012 £'000	Year ended 31 August 2011 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of owned assets	774	564
Depreciation of assets held under finance leases	-	65
Amortisation of goodwill	1,219	1,219
Operating lease rentals		
- Plant and machinery	55	70
- Other	892	992
Operating lease rental income - land and buildings	(223)	(219)
Auditors' fees - audit services	42	43
	<u></u>	<u></u>

BERTRAM TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 August 2012

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 August 2012 £'000	Year ended 31 August 2011 £'000
Current Tax		
UK corporation tax	746	864
Adjustment in respect of previous periods	(150)	(356)
Total current tax	<u>596</u>	<u>508</u>
Deferred tax		
Origination and reversal of timing differences	(95)	20
Adjustment in respect of previous periods	150	228
Tax on profit on ordinary activities	<u>651</u>	<u>756</u>
Reconciliation of the current tax charge:		
	Year ended 31 August 2012 £'000	Year ended 31 August 2011 £'000
Profit on ordinary activities before taxation	2,249	1,994
Tax on ordinary activities at standard UK corporation tax rate of 25% (2011 27%)	567	542
Effects of		
Expenses not deductible for tax purposes	96	327
Capital allowances in excess of depreciation	95	-
Other short term timing differences	(12)	(5)
Adjustments to tax charge in respect of previous periods	(150)	(356)
Total current tax charge	<u>596</u>	<u>508</u>

BERTRAM TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 August 2012

9 INTANGIBLE FIXED ASSETS - GOODWILL

	Total £'000
Cost	
At 1 September 2011 and 31 August 2012	9,159
Amortisation:	
At 1 September 2011	(3,038)
Charge for the year	(1,219)
At 31 August 2012	(4,257)
Net book value:	
At 31 August 2011	6,121
At 31 August 2012	4,902

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant, fixtures & fittings £'000	Total £'000
Cost			
At 1 September 2011	890	6,218	7,108
Additions	-	1,023	1,023
Disposals	(890)	(12)	(902)
At 31 August 2012	-	7,229	7,229
Accumulated depreciation			
At 1 September 2011	(78)	(1,508)	(1,586)
Charge for the year	-	(774)	(774)
Disposals	78	9	87
At 31 August 2012	-	(2,273)	(2,273)
Net book value:			
At 31 August 2011	812	4,710	5,522
At 31 August 2012	-	4,956	4,956

Assets held under finance leases within plant, fixtures and fittings category have a net book value of £nil (2011 £200,000) The depreciation charge for the period on these assets was £nil (2011 £65,000)

BERTRAM TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 August 2012

11. STOCKS

	31 August 2012 £'000	31 August 2011 £'000
Raw materials and consumables	176	132
Work in progress	326	717
Finished goods and goods for resale	17,309	17,559
	<u>17,811</u>	<u>18,408</u>

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

12. DEBTORS

	31 August 2012 £'000	31 August 2011 £'000
Amounts falling due within one year:		
Trade debtors	14,503	15,399
Amounts owed by group undertakings	23,798	732
Other debtors	438	2,526
Prepayments and accrued income	608	763
	<u>39,347</u>	<u>19,420</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 August 2012 £'000	31 August 2011 £'000
Bank overdraft	3,411	1,351
Trade creditors	36,238	32,358
Corporation tax liability	531	600
Other taxation and social security	316	158
Accruals and deferred income	1,956	1,402
	<u>42,452</u>	<u>35,869</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	31 August 2012 £'000	31 August 2011 £'000
Amounts owed to group undertakings	<u>19,082</u>	<u>10,121</u>

BERTRAM TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 August 2012

15. PROVISIONS FOR LIABILITIES

	Deferred Taxation £'000	Other £'000	Total £'000
As at 1 September 2011	(280)	-	(280)
Charged to profit and loss account	(55)	(248)	(303)
As at 31 August 2012	<u>(335)</u>	<u>(248)</u>	<u>(583)</u>

Deferred tax

Deferred tax is provided as follows,

	31 August 2012 £'000	31 August 2011 £'000
Accelerated capital allowances	(334)	(290)
Other short term differences	(1)	10
Deferred tax liability	<u>(335)</u>	<u>(280)</u>

Other provisions in the year relate to a provision for redundancy costs relating to the reorganisation as disclosed in note 5

16. CALLED UP SHARE CAPITAL

	31 August 2012 £'000	31 August 2011 £'000
Authorised, allotted, called-up and fully paid 1,000,001 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

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 2012 Total £'000	31 August 2011 Total £'000
At start of period	1,000	2,201	3,201	2,250
Profit for the financial year	-	1,598	1,598	1,238
Recognition of share based payments	-	100	100	(287)
At end of period	<u>1,000</u>	<u>3,899</u>	<u>4,899</u>	<u>3,201</u>

BERTRAM TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

18. ANNUAL COMMITMENTS UNDER OPERATING LEASES

Annual commitments under non-cancellable operating leases are as follows

	2012			2011		
	Land and Buildings £'000	Equip- ment and vehicles £'000	Total £'000	Land and Buildings £'000	Equip- ment and vehicles £'000	Total £'000
Expiring within 1 year	-	3	3	-	14	14
Expiring within 2 to 5 years	-	52	52	-	45	45
Expiring thereafter	892	-	892	883	-	883
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	892	55	947	883	59	942
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

BERTRAM TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

19. SHARE-BASED PAYMENTS

The Smiths News Plc Group operates various share schemes for its employees, as described below. Bertram Trading Limited recognised total expenses of £100k in 2012 (2011 a credit of £287,000) related to the equity-settled share-based payment transactions.

Average share price throughout the year was 93 4p (2011 98 1p)

The share incentive schemes operated by Smiths News Plc are described below

Sharesave Scheme	Under the terms of the Smiths News Sharesave Scheme, the Board may grant options to purchase ordinary shares in the Company 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% 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.
Executive share option schemes (ESOS)	Under the terms of the Smiths News Executive Share Option Scheme, the Board may grant options to purchase ordinary shares in the Company to executives up to an annual limit of 200% of base salary. The exercise of options is conditional on the achievement of a three year performance target, which is determined by the Remuneration Committee at the time of grant. Provided that the target is met, options are normally exercisable until the day preceding the 10th anniversary of the date of grant. As a result of the demerger of the WH Smith Retail business on 31 August 2006 all outstanding options under the unapproved part of the WH Smith Executive Share Option Scheme 1999 were exchanged for new options over the Company's shares.
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 the Company (in the form of nil cost options) or, in order to retain flexibility and at the Company's discretion, a cash sum linked to the value of a notional award of shares up to a value of 200% of base salary. The vesting of awards is subject to the satisfaction of a three year performance condition, which is determined by the Remuneration Committee at the time of grant. Subject to the satisfaction of the performance condition, awards are normally exercisable until the 10th anniversary of the date of grant.
Deferred Bonus Plan (DBP)	Under the terms of the Smiths News Deferred Bonus Plan, executive directors and key senior executives may be granted each year share awards (in the form of nil cost options) dependent on the achievement of the Annual Bonus Plan and Economic Profit Plan performance targets. Awards are normally exercisable after two years subject to continued employment.

BERTRAM TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

19. SHARE-BASED PAYMENTS (Continued)

Details of the options/awards are as follows

	Sharesave		ESOS		LTIP		DBP	
Number of options/awards	No of shares	Weighted average exercise price	No of shares	Weighted average exercise price	No of shares	Weighted average exercise price	No of shares	Weighted average exercise price
At 1 Sep 2010	165,127	83 1p	131,036	87 4p	966,553	-	-	-
Granted	20,649	80 7p	220,490	92 2p	72,246	-	-	-
Exercised	(575)	84.0p	-	86 7p	-	-	-	-
Expired /Forfeited	(28,486)	84 7p	(43,766)	108 0p	(434,431)	-	-	-
At 31 Aug 2011	156,715	82 5p	307,760	96 5p	604,368	-	-	-
Granted	107,401	78 6p	273,771	93 9p	45,980	-	-	-
Exercised	-	-	-	-	-	-	-	-
Expired /Forfeited	(19,776)	86 4p	(113,052)	96 0p	(475,192)	-	-	-
At 31 Aug 2012	244,340	80 5p	468,479	95 1p	175,156	-	-	-
Exercisable at 31 Aug 2012	-	-	-	-	-	-	-	-
Exercisable at 31 Aug 2011	-	-	-	-	-	-	-	-

The weighted average remaining contractual life in years of options/awards is as follows

	Sharesave	ESOS	LTIP	DBP
Outstanding at 31 August 2012	2.5	8.9	-	-
Outstanding at 31 August 2011	2.3	9.3	-	-

BERTRAM TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

19 SHARE BASED PAYMENTS (CONTINUED)

Details of the options/awards granted or commencing during the current and comparative year are as follows

	Sharesave	ESOS	LTIP	DBP
During 2012				
Effective date of grant or commencement date	May 2012	Nov 2011	Nov 2011	Nov 2011
Average fair value at date of grant or scheme commencement	13 4	12 3	76 3	79 0
During 2011				
Effective date of grant or commencement date	Jun 2011	Jun 2011	Aug 2011	Aug 2011
Average fair value at date of grant or scheme commencement	11 4	13 0	70 6	70 6

The options outstanding at 31 August 2012 had exercise process ranging from nil to 107 5p (2011 nil to 107 5p)

The weighted average share price on the date of exercise was 97p (2011 112p)

The sharesave and ESOS options granted during each period have been valued using a Black-Scholes model, the LTIP and DBP schemes are valued by reference to the share price at the date of grant discounted by the estimated dividend yield per cent

The inputs to the Black-Scholes model are as follows

	Sharesave	ESOS	LTIP	DBP
2012 options/awards				
Share price at grant date – pence	93 5	93 9	91 5	94 8
Exercise price – pence	78 6	93 9	-	-
Expected volatility – per cent	29 0	35 0	-	-
Expected life – years	3 0	3 0	-	-
Risk free rate – per cent	1 25	2 13	-	-
Expected dividend yield – per cent	8 7	8 7	8 7	8 7
Weighted average fair value – pence	13 4	12 3	76 3	79 0
2011 options/awards				
Share price at grant date – pence	100 9	92 2	84 7	84 7
Exercise price – pence	80 7	92 2	-	-
Expected volatility – per cent	35 0	35 0	-	-
Expected life – years	3 0-5 0	3 0	-	-
Risk free rate – per cent	3 4	3 4	-	-
Expected dividend yield – per cent	8 7	8 7	8 7	8 7
Weighted average fair value – pence	11 4	13 0	70 6	70 6

BERTRAM TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

20. 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
Rowan House
Cherry Orchard North
Kembrey Park
Swindon
Wiltshire
SN2 8UH