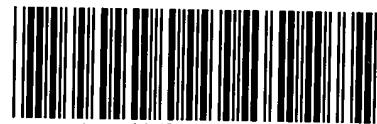


Registered Number: 06849888

Bertram Trading Limited

**Annual Report and financial statements
for the year ended 31 August 2015**

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Bertram Trading Limited

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Bertram Trading Limited

Officers and professional advisers

Directors

J M Bunting
M R Cashmore
N J Grësham
D J Orange (appointed 4 November 2014)
J P Adams (appointed 4 November 2014)
G A Underhill (resigned 4 November 2014)

Company Secretary

S S Marriner

Registered Office

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

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading
United Kingdom

Bertram Trading Limited

Strategic report

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 Connect Group PLC.

During the year, the company purchased the remaining 49% of shares in Magpie Investments Limited (trading name 'Wordery'). There are no further matters to report under s417 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 and exceptional items (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. KPI's are in line with expectation. EBITDA has improved significantly over the prior year after a challenging year in 2014. The books market remains challenging and whilst performance in wholesale markets is improving, libraries remain challenging.

The KPIs for the year ended 31 August 2015 are set out below:

	2015	2014
Turnover (£'000s)	146,649	152,263
Gross profit (£'000s)	17,133	17,810
Gross margin (%)	11.7	11.7
EBITDA (before exceptional costs)(£'000s)	2,941	1,981
EBITDA (before exceptional costs) %	2.0	1.3

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 change in foreign currency exchange rates, credit risk, interest rate risk and liquidity risk. The Company has robust internal procedures to monitor sales, costs, profits and risks. The Connect Group PLC Group's Executive and Risk Committees review the principal strategic and financial risks on a quarterly basis. The Group Audit Committee oversees the overall risk process and reviews the outcome of this process twice a year. The business completes a detailed forecast at least twice a year and more regularly if any significant issues arise and these forecasts are reviewed by the Board.

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.

Bertram Trading Limited

Strategic report (continued)

Risks and uncertainties (continued)

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 spending which will be likely to have an ongoing impact on sales to public libraries.

By Order of the Board



N J Gresham
Director

18 January 2016

Bertram Trading Limited

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 August 2015. The company has adopted FRS 102. The impact of the transition to FRS102 is detailed in the notes to the financial statements.

Going concern

The Company made a loss of £1.0m during the year and has net current liabilities of £8.7m as at 31 August 2015. The Directors have prepared financial forecasts and considered the cash requirements of the Company for a period of at least twelve months from the signing of these financial statements. The Company participates in the Group's centralised, banking arrangements, and has received a letter from the ultimate parent company, Connect Group PLC, confirming they will support the company financially for a period of at least twelve months from the signing of these financial statements and underwrite any outstanding amounts due from other Group companies to allow the Company to meet its liabilities as they fall due. The directors are satisfied that the facilities available are adequate to provide the Company's finance requirements. The directors therefore have a reasonable expectation that the Company will be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Results

The results for the year ended 31 August 2015 are set out on page 8.

Dividends

The directors do not recommend the payment of a dividend for the year ended 31 August 2015 (31 August 2014: £nil).

Directors

The directors, who served during the year 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.

The risks faced by the Company are discussed in greater detail in the strategic report.

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 employed on average 440 (2014: 477) 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.

Bertram Trading Limited

Directors' report

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 2015 totalled £1,000 (2014: £nil).

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

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 ought to have taken as a director in order to make himself 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 will continue in office as auditor to the Company.

By Order of the Board



N J Gresham
Director

18 January 2016

Bertram Trading Limited

Directors' responsibilities statement

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 the 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Bertram Trading Limited

We have audited the financial statements of Bertram Trading Limited for the year ended 31 August 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements 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 state of the company's affairs as at 31 August 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.



Anna Marks FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom
18 January 2016

Bertram Trading Limited

Profit and loss account for the year ended 31 August 2015

	Note	2015 £'000	2014 £'000
Turnover	2	146,649	152,263
Cost of sales		(129,516)	(134,453)
Gross profit		17,133	17,810
Distribution costs		(10,709)	(11,817)
Administrative costs		(6,179)	(6,547)
Exceptional administrative costs	5	(636)	(526)
Loss before interest and tax	7	(391)	(1,080)
Net finance costs	6	(615)	(2,356)
Loss before taxation		(1,006)	(3,436)
Tax on loss on ordinary activities	8	27	1,160
Loss for the year		(979)	(2,276)

All results are derived from continuing operations.

There are no recognised gains or losses for the current year other than as stated in the profit and loss account and accordingly a statement of other comprehensive income has not been presented.

Bertram Trading Limited

Balance sheet as at 31 August 2015

	Note	2015 £'000	2014 restated £'000
Fixed assets			
Intangible assets	9	2,493	4,090
Tangible assets	10	3,869	4,256
Investment in subsidiary	11	5,208	-
		<u>11,570</u>	<u>8,346</u>
Current assets			
Stocks	12	17,398	19,218
Debtors – due within one year	13	23,372	26,035
Cash		6,324	2,270
		<u>47,094</u>	<u>47,523</u>
Creditors: amounts falling due within one year	14	<u>(55,721)</u>	<u>(52,141)</u>
Net current (liabilities)		<u>(8,627)</u>	<u>(4,618)</u>
Total assets less current liabilities		2,943	3,728
Provisions for liabilities	15	<u>(364)</u>	<u>(170)</u>
Net assets		<u>2,579</u>	<u>3,558</u>
Capital and reserves			
Called up share capital	16	1,000	1,000
Profit and loss account	16	1,579	2,558
Shareholder's funds		<u>2,579</u>	<u>3,558</u>

The financial statements of Bertram Trading Limited, registered number 06849888, were approved by the Board of Directors and authorised for issue on 18 January 2016. These were signed on its behalf by:



N J Gresham
Director

Bertram Trading Limited**Statement of changes in equity as at 31 August 2015**

	Share Capital £'000	Profit and loss account £'000	Total Equity £'000
At 1 September 2013	1,000	4,834	5,834
Loss for the financial year	-	(2,276)	(2,276)
At 31 August 2014	1,000	2,558	3,558
Loss for the financial year	-	(979)	(979)
At 31 August 2015	1,000	1,579	2,579

Bertram Trading Limited

Notes to the financial statements for the year ended 31 August 2015

1. Accounting policies

Accounting convention

The financial statements are prepared in compliance with FRS102 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 in accordance with applicable United Kingdom accounting standards and are presented in Pound Sterling rounded to £'000s unless otherwise stated. The company transitioned to FRS102 as at 1 September 2013. The impact of the transition to FRS102 is detailed in note 19. These financial statements present information for the company as an individual undertaking and not as a group. The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group financial statements as it is included in the consolidated financial statements of Connect Group PLC. Bertram Trading Limited is a wholly owned subsidiary of Connect Group PLC, a listed entity. The consolidated financial statements of Connect Group PLC are available from Rowan House, Cherry Orchard North, Kembrey Park, Swindon, Wiltshire, SN2 8UH.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash-flow statement, intra-group transactions and remuneration of key management personnel.

Going concern

The company made a loss of £1.0m during the year and has net current liabilities of £8.7m as at 31 August 2015. The Directors have prepared financial forecasts and considered the cash requirements of the company for a period of at least twelve months from the signing of these financial statements. The company participates in the Group's centralised, banking arrangements, and has received a letter from the ultimate parent company, Connect Group PLC, confirming they will support the company financially for a period of at least twelve months from the signing of these financial statements and underwrite any outstanding amounts due from other Group companies to allow the company to meet its liabilities as they fall due. The directors are satisfied that the facilities available are adequate to provide the Company's finance requirements. The directors therefore have a reasonable expectation that the company will be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Related parties

The company has taken advantage of the exemption 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 delivered 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.

Bertram Trading Limited

Notes to the financial statements for the year ended 31 August 2015 (continued)

1. Accounting policies (continued)

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 as appropriate.

Capitalisation of internally generated development costs

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets and are therefore not treated, for dividend purposes, as a realised loss. Such costs relate to expenditure on developed software which is capitalised when the company is able to demonstrate all of the following: the technical feasibility of the resulting asset; the ability (and intention) to complete the development and use it; how the asset will generate probable future economic benefits; and the ability to measure reliably the expenditure attributable to the asset during its development. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Internally generated development costs are amortised over their estimated useful economic life of 3 years.

Software

Software is amortised over its useful economic life (over 3 years).

Tangible assets

Tangible assets are depreciated over their useful economic life as set out below:

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.

Share based payments

Some employees of the company receive part of their remuneration in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

Equity-settled share-based schemes are measured at fair value at the date of grant. The fair value is expensed with a corresponding increase in equity on a straight-line basis over the period during which employees become unconditionally entitled to the options. The fair values are calculated using an appropriate option pricing model. The profit and loss account charge is then adjusted to reflect expected and actual levels of vesting based on non-market performance related criteria.

Bertram Trading Limited

Notes to the financial statements for the year ended 31 August 2015 (continued)

1. Accounting policies (continued)

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 than 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.

Estimates and judgements

In applying the accounting policies, the directors are often required to make judgements. They are also required to make estimates and assumptions about matters that can be uncertain as they are subject to external factors. The directors have reviewed the estimates and assumptions used in the preparation of the financial statements. They do not believe that there is a significant risk that material adjustments to the carrying value of any assets and liabilities in the next financial year will arise as a result of any reasonably likely change in these assumptions and estimates. The key areas of accounting judgement are:

Stock provisions - which are based on an assessment of age and estimated net realisable value.

Impairment of goodwill - which requires an estimation of the value in use. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

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:

	2015	2014
	£'000	£'000
United Kingdom	118,014	121,294
Rest of the World	28,635	30,969
	<u>146,649</u>	<u>152,263</u>

3. Employee and staff costs

	2015	2014
	£'000	£'000
Wages and salaries	8,084	7,723
Social security	619	636
Pension costs	284	194
	<u>8,987</u>	<u>8,553</u>

Bertram Trading Limited

Notes to the financial statements for the year ended 31 August 2015 (continued)

3. Employee and staff costs (continued)

Total number of employees

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

	2015	2014
	No.	No.
Operations	294	318
Support functions	146	159
Total	<u>440</u>	<u>477</u>

4. Directors' remuneration

	2015	2014
	£'000	£'000
Director's remuneration:		
Emoluments	471	89
Company contributions to defined contribution pension schemes	54	3
	<u>525</u>	<u>92</u>
Remuneration of the highest paid director:		
Emoluments	301	89
Company contributions to defined contribution pension schemes	36	3
	<u>337</u>	<u>92</u>
The number of directors who:		
Are members of a defined contribution pension scheme	<u>2</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.

Three of the directors are remunerated by other companies within Connect Group PLC, no amount of remuneration has been allocated to this company. In 2014, one director was remunerated by Bertram Trading Limited for part of the year.

5. Exceptional costs

Reorganisation and contract restructuring costs in the current year totalled £636k. In 2014 the costs incurred of £526k related to reorganisation.

6. Net finance costs

	2015	2014
	£'000	£'000
Interest payable and similar charges:		
Interest payable on bank overdrafts and loans	-	62
Interest payable to group undertakings	457	2,259
Exchange loss on foreign currency borrowings	158	35
	<u>615</u>	<u>2,356</u>

Bertram Trading Limited

Notes to the financial statements for the year ended 31 August 2015 (continued)

7. Loss on ordinary activities before tax

	2015	2014
	£'000	£'000
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Cost of stock recognised as an expense	85,702	97,356
Impairment of stock recognised as an expense	-	540
Depreciation/amortisation of owned assets	1,449	1,316
Amortisation of goodwill	1,247	1,219
Operating lease rentals:		
- Plant and machinery	40	55
- Other	892	892
Operating lease rental income – land and buildings	(247)	(228)
Auditor's fees – statutory audit	48	-
Amortisation of intangibles is included within administration costs.		
The auditor's fees were borne by other Group Companies in the year ended 31 August 2014.		

8. Taxation on loss on ordinary activities

	2015	2014
	£'000	£'000
Current tax:		
UK corporation tax	(48)	(624)
Adjustment in respect of previous periods	(41)	(251)
Total current tax credit	(89)	(875)
Deferred tax:		
Origination and reversal of timing differences	(29)	27
Impact of tax rate change	1	(3)
Adjustment in respect of previous periods	90	(309)
Total deferred tax charge/ (credit)	62	(285)
Total tax credit on loss on ordinary activities	(27)	(1,160)

Reconciliation of the total tax charge:

The standard rate of tax applied to reported profit on ordinary activities is 20.6% (2014: 22.2%). This is due to reductions in the main rate of UK corporation tax from 23% to 21% on 1 April 2014, and to 20% on 1 April 2015, following the substantive enactment of the Finance Act 2013 on 2 July 2013.

During the year beginning 1 September 2015, the net reversal of deferred tax assets and liabilities is expected to increase the corporation tax charge for the year by £240,000. This is due to the expectation that accounting depreciation will exceed tax depreciation.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

Bertram Trading Limited

Notes to the financial statements for the year ended 31 August 2015 (continued)

8. Taxation on loss on ordinary activities (continued)

	2015 £'000	2014 £'000
Loss on ordinary activities before taxation	(1,006)	(3,436)
Tax on ordinary activities at effective UK corporation tax rate of 20.6% (2014: 22.2%)	(207)	(762)
Effects of:		
Expenses not deductible for tax purposes	130	165
Impact of tax rate change	1	(3)
Adjustments to tax charge in respect of previous periods	49	(560)
Total tax credit	<u>(27)</u>	<u>(1,160)</u>

9. Intangible fixed assets

	Goodwill £'000	Software (restated) ¹ £'000	Internally generated development costs (restated) ¹ £'000	Total (restated) ¹ £'000
Cost				
At 1-September 2014	9,159	322	2,968	12,449
Additions	-	50	425	475
At 31 August 2015	9,159	372	3,393	12,924
Amortisation				
At 1 September 2014	(6,695)	(148)	(1,516)	(8,359)
Charge for the year	(1,247)	(90)	(735)	(2,072)
At 31 August 2015	(7,942)	(238)	(2,251)	(10,431)
Net book value				
At 31 August 2015	1,217	134	1,142	2,493
At 31 August 2014	2,464	174	1,452	4,090

¹ Cost and amortisation has been restated in accordance with the transition from UK GAAP to FRS 102. (See note 19).

Bertram Trading Limited

Notes to the financial statements for the year ended 31 August 2015 (continued)

10. Tangible fixed assets

	Plant, fixtures and fittings (restated) ¹ £'000	Total (restated) ¹ £'000
Cost		
At 1 September 2014	7,082	7,082
Additions	237	237
At 31 August 2015	7,319	7,319
Accumulated depreciation		
At 1 September 2014	(2,826)	(2,826)
Charge for the year	(624)	(624)
At 31 August 2015	(3,450)	(3,450)
Net book value		
At 31 August 2015	3,869	3,869
At 31 August 2014	4,256	4,256

¹ Cost and amortisation has been restated in accordance with the transition from UK GAAP to FRS 102. (See note 19);

11. Investment in subsidiary

The company directly owns 100% of the ordinary share capital of the following subsidiary undertaking:

Name	Place of registration
Magpie Investments Limited	Swindon, United Kingdom

Investments in subsidiary at historical cost:

	£'000
At 1 September 2014	-
Additions	5,208
At 31 August 2015	5,208

On 27 August 2015 the company purchased the remaining 49% of the share capital of Magpie Investments Limited.

12. Stocks

	2015 £'000	2014 £'000
Raw materials and consumables	210	207
Finished goods and goods for resale	17,188	19,011
	17,398	19,218

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

Bertram Trading Limited

Notes to the financial statements for the year ended 31 August 2015 (continued)

13. Debtors: amounts falling due within one year

	2015	2014
	£'000	£'000
Trade debtors	12,301	14,403
Amounts owed by group undertakings	10,349	10,325
Other debtors	308	284
Corporation tax	-	670
Prepayments and accrued items	414	353
	<u>23,372</u>	<u>26,035</u>

The amounts owed from group undertakings are not interest bearing and are payable on demand.

14. Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Trade creditors	31,487	35,936
Amounts owed to group undertakings	21,653	15,174
Corporation tax liability	351	-
Other taxation and social security	261	310
Accruals and deferred income	1,969	721
	<u>55,721</u>	<u>52,141</u>

In the prior year amounts owed to group undertakings were classified as falling due after one year, however these amounts were and continue to be repayable on demand. As such these amounts have been reclassified to amounts falling due within one year.

15. Provisions for liabilities

	Deferred taxation £'000	Other £'000	Total £'000
As at 1 September 2014	(83)	(87)	(170)
Charge to profit and loss account	(62)	(132)	(194)
As at 31 August 2015	<u>(145)</u>	<u>(219)</u>	<u>(364)</u>

Bertram Trading Limited

Notes to the financial statements for the year ended 31 August 2015 (continued)

15. Provisions for liabilities (continued)

Deferred tax

Deferred tax is provided as follows:

	2015 £'000	2014 £'000
Accelerated capital allowance	(145)	(83)
Deferred tax liability	<u>(145)</u>	<u>(83)</u>

The company has capital losses carried forward of £79,000 (2014: £79,000). These capital losses have no expiry date. Deferred tax assets have not been recognised in respect of the capital losses carried forward due to the uncertainty of their utilisation.

The Finance Act 2013, which provides for a reduction in the main rate of UK corporation tax from 21% to 20%, effective from 1 April 2015, was substantively enacted on 2 July 2013. This rate reduction has been reflected in the current year calculations of current and deferred tax at the balance sheet date. Further rate reductions to 19% effective from 1 April 2017 and 18% from 1 April 2020 were announced in the Budget on 8 July 2015. These rate changes were substantively enacted in the Finance Bill on 26 October 2015 and existing temporary differences may therefore unwind in periods subject to these reduced rates. The impact of the post balance date change in tax rate is estimated as giving rise to a tax credit of £14,500, which will be recognised in the accounts for 2016.

16. Called up share capital and reserves

	2015 £'000	2014 £'000
Allotted, called-up and fully paid		
1,000,001 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are comprised of the profit and loss account reserve which represents cumulative profits or losses.

17. Operating lease commitments

Minimum payments under operating leases are as follows:

	Land and buildings £'000	2015 Equipment and vehicles £'000	Total £'000	Land and buildings £'000	2014 (restated) Equipment and vehicles £'000	Total £'000
Within one year	892	35	927	892	35	927
Within two to five years	3,566	-	3,566	3,566	-	3,566
In more than five years	4,309	-	4,309	5,201	-	5,201
Total	<u>8,767</u>	<u>35</u>	<u>8,802</u>	<u>9,659</u>	<u>35</u>	<u>9,694</u>

Bertram Trading Limited

Notes to the financial statements for the year ended 31 August 2015 (continued)

18. Share-based payments

The Connect Group operates various share schemes for its employees, as described below. The Company takes part in the group share-based payment plans, and recognises and measures its allocation of the share-based payment expense based on individual entitlement or by pro rata basis in respect of the sharesave scheme. Bertram Trading Limited recognised total expenses of £168,000 in 2015 (2014: expenses of £nil) related to the equity-settled share-based payment transactions.

The share incentive schemes operated by Connect Group PLC are described below:

Sharesave Scheme	Under the terms of the Smiths News Sharesave Scheme, the Connect Group Board may grant options to purchase ordinary shares in Connect Group 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% 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 Connect Group Board may grant options to purchase ordinary shares in Connect Group PLC 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 10 th anniversary of the date of grant.
LTIP	Under the terms of the Smiths News LTIP, executive directors and key senior executives may be awarded each year conditional entitlement to ordinary shares in Connect Group PLC (in the form of nil cost options) or, in order to retain flexibility and at Connect Group'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 10 th 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.

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.

19. Transition to FRS102

The company has adopted FRS 102 and the effective date of transition from UK GAAP was 1 January 2013. There is no impact in financial position on transition for the years ended 31 August 2013 and 31 August 2014. Software and development costs previously presented within tangible fixed assets have been reclassified within intangible fixed assets and the related depreciation reclassified as amortisation. The associated amortisation charge was £0.76m in 2014. The carrying value of assets reclassified as at 1 September 2013 was £1.68m.

Bertram Trading Limited

Notes to the financial statements for the year ended 31 August 2015 (continued)

20. Parent and controlling company

The ultimate parent and controlling company is Connect Group 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
Connect Group PLC
Rowan House
Cherry Orchard North
Kembrey Park
Swindon
Wiltshire
SN2 8UH