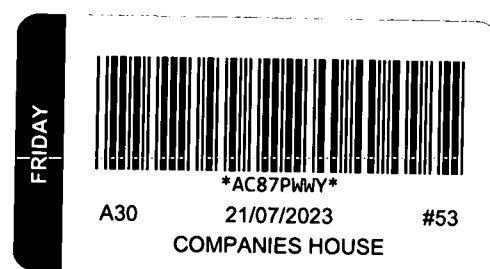


Registered number: 11452965

WELBECK PUBLISHING GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



WELBECK PUBLISHING GROUP LIMITED

COMPANY INFORMATION

Directors	David Shelley Pierre de Cacqueray Richard Kitson
Registered number	11452965
Registered office	Carmelite House 50 Victoria Embankment London EC4Y 0DZ
Independent auditor	Constantin Chartered Accountants & Registered Auditors 25 Hosier Lane London EC1A 9LQ

WELBECK PUBLISHING GROUP LIMITED

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WELBECK PUBLISHING GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their report and financial statements for the year ended 31 December 2022.

Business review

The directors are pleased to report that, despite the challenging global economic environment, the company continued to significantly grow trade revenues whilst maintaining co-edition and other non-trade sales. Revenue growth was strong in several overseas markets, particularly North America. It was also able to continue to invest in intellectual property to ensure its long-term growth.

The directors report turnover for the year at £25.9m and net assets of the company at £1.0m.

The company's Australian subsidiary Welbeck Publishing Pty Ltd began trading on 1st January 2022 and recorded revenues in excess of A\$6m in its first year of trading.

The entire share capital of the company was acquired by Hachette UK Ltd on 2nd December 2022. Under Hachette's ownership the company will continue to invest in the creation of new titles and formats, particularly in adult illustrated non-fiction genres. In addition it is expected that the company will benefit from significant synergies and economies of scale as a result of the sale to Hachette.

After alignment with various provisioning policies of Hachette UK Ltd the directors report gross profit at £6.2m and operation loss at £3.6m.

Financial key performance indicators

The company uses a number of performance indicators to monitor and manage the business effectively. The key performance indicators for the year ended 31 December 2022 are set out below.

	2022	Restated 2021
	£000's	£000's
Turnover	25,871	17,761
Gross profit	6,245	7,166
Earnings before interest, tax, depreciation, amortisation and exceptional administrative expenses	(1,834)	703
Operating profit/(loss)	(3,658)	390
Net assets	1,000	4,530

Principal risks and uncertainties

The directors principally manage the risks in the business via a risk management programme. This enables the directors to monitor and manage those risks that have an impact on the financial assets and liabilities of the company with the aim of limiting any adverse effects on its overall performance.

In addition to this, detailed management accounts, cash flow analysis and budgets of the group are reviewed by the directors on a regular basis. The operations of the company expose it to a number of financial risks including credit risk, price risk, liquidity risk and currency rate risk. These risks are included in the risk management programme and the directors have implemented the necessary procedures to effectively mitigate the company's exposure.

In relation to credit risk, the group has made arrangements for credit insurance. The directors also regularly review the amounts due from trade debtors and customer credit limits.

WELBECK PUBLISHING GROUP LIMITED

**GROUP STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

The group mitigates its exposure to price risk by agreeing publishing costs in advance with its suppliers.

The cash flow of the group is managed on a daily basis and cash and bank reconciliations are reviewed regularly. Stock levels are updated daily by a stock management system. The directors monitor stock levels and its impact on cash regularly in order to mitigate the exposure to liquidity risk.

The group has addressed the risk of currency rate fluctuations, which affect both its turnover and supply costs, with the use of foreign currency bank accounts and has the option to use derivative financial instruments in the form of contracts for the forward purchase of US Dollars and Euros. The directors regularly review factors involved with currency rate risk based on information available on the financial markets together with anticipated timing of foreign currency receipts and payments, and appropriate action is taken where necessary.

The directors continue to manage the impact of COVID-19 and have seen limited impact on trading in 2022.

As a result of the above measures, the business has continued its publishing strategy and the directors are confident that under the ownership of Hachette UK Ltd these will ensure the ongoing success of the business.

This report was approved by the board on 29th June 2023



Pierre de Cacqueray

Director

and signed on its behalf.

WELBECK PUBLISHING GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity

The principal activity of the group is that of the publication of books. The principal activity of the company is that of a holding company and publishing support services.

Results and dividends

The loss for the year, after taxation, amounted to £2,717,077 (2021 - profit £130,089).

No interim or final dividend has been proposed by the directors (2021 - £nil).

Directors

The directors who served during the year were:

Peter Read (Resigned 2 December 2022)
Ian McAuliffe (Resigned 2 December 2022)
Marcus Leaver (Resigned 2 December 2022)
Mark Smith (Resigned 2 December 2022)
David Shelley (Appointed 2 December 2022)
Pierre de Cacqueray (Appointed 2 December 2022)
Richard Kitson (Appointed 2 December 2022)

Future developments

The directors are confident that by pursuing the management policies the group will achieve continued successes in the years ahead.

Matters covered in the group strategic report

The principal risks and uncertainties facing the group and the company and key financial performance indicators have been considered in the group strategic report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

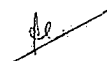
Post balance sheet events

There have been no significant events affecting the group since the year end.

Auditor

Under section 487(2) of the Companies Act 2006, Constantin will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on and signed on its behalf on 29th June 2023



Pierre de Cacqueray
Director

WELBECK PUBLISHING GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WELBECK PUBLISHING GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELBECK PUBLISHING GROUP LIMITED

Opinion

In our opinion the financial statements of Welbeck Publishing Group Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows;
- the consolidated analysis of net debt;
- the related notes 1 to 33 which includes a statement of accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

WELBECK PUBLISHING GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELBECK PUBLISHING GROUP LIMITED

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These are included UK Companies Act tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

WELBECK PUBLISHING GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELBECK PUBLISHING GROUP LIMITED

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the group strategic report or the directors' report.

Matters on which we are required to report by exception

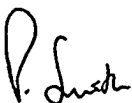
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

Use of our report

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.



Peter Smith, FCA (Senior statutory auditor)
For and on behalf of Constantin

Chartered Accountants and Statutory Auditor
25 Hosier Lane
London
EC1A 9LQ

29 June 2023

WELBECK PUBLISHING GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	Restated 2021 £
Turnover	5	25,870,652	17,760,997
Cost of sales		(19,625,403)	(10,595,184)
Gross profit		6,245,250	7,165,813
Administrative expenses		(8,469,526)	(6,985,528)
Exceptional administrative expenses	6	(1,583,921)	(70,264)
Other operating income	7	150,293	280,017
Operating (loss)/profit	8	(3,657,904)	390,038
Loss on disposal of investment in subsidiary		(119,782)	-
Interest receivable and similar income	12	1,347	-
Interest payable and similar charges	13	(225,539)	(95,231)
(Loss)/profit before tax		(4,001,878)	294,807
Tax on profit/(loss)	14	1,284,802	(164,718)
(Loss)/profit for the financial year		(2,717,077)	130,089
(Loss)/profit for the year attributable to:			
Non-controlling interests		-	-
Owners of the parent company		(2,717,077)	130,089

The notes on pages 15 to 38 form part of these financial statements.

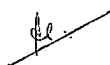
The profit and loss account has been prepared on the basis that all operations are continuing operations.

WELBECK PUBLISHING GROUP LIMITED
REGISTERED NUMBER: 11452965
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	Restated 2021 £
Fixed assets			
Intangible assets	16	2,436,849	2,460,935
Tangible assets	17	231,073	289,599
		<u>2,667,922</u>	<u>2,750,534</u>
Current assets			
Stocks	19	5,703,911	5,866,166
Debtors: amounts falling due within one year	20	17,015,037	10,955,305
Cash at bank and in hand	21	1,068,385	1,024,547
		<u>23,787,333</u>	<u>17,846,018</u>
Creditors: amounts falling due within one year	22	(25,454,829)	(14,483,188)
Net current assets		<u>(1,667,496)</u>	<u>3,362,830</u>
Total assets less current liabilities		<u>1,000,426</u>	<u>6,113,364</u>
Creditors: amounts falling due after more than one year	23	-	(1,566,354)
Provisions for liabilities			
Deferred taxation	26	-	(16,725)
Net assets		<u>1,000,426</u>	<u>4,530,285</u>
Capital and reserves			
Called up share capital	27	25,193	25,193
Share premium account	28	2,254,308	2,254,308
Profit and loss account	28	(1,279,075)	2,115,824
Equity attributable to owners of the parent company		<u>1,000,426</u>	<u>4,435,570</u>
Non-controlling interests		-	134,960
		<u>1,000,426</u>	<u>4,530,285</u>

The notes on pages 15 to 38 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29th June 2023



Pierre de Cacqueray
Director

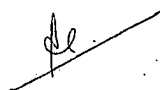
WELBECK PUBLISHING GROUP LIMITED
REGISTERED NUMBER: 11452965

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	Restated 2021 £
Fixed assets			
Intangible assets	16	68,915	78,607
Investments	18	8,945,277	8,106,927
		<u>9,014,192</u>	<u>8,185,534</u>
Current assets			
Debtors: amounts falling due within one year	20	1,482,817	1,782
Cash at bank and in hand	21	11,237	155,020
		<u>1,494,054</u>	<u>156,802</u>
Creditors: amounts falling due within one year	22	(7,111,918)	(4,946,009)
Net current liabilities		<u>(5,617,864)</u>	<u>(4,789,206)</u>
Total assets less current liabilities		<u>3,396,328</u>	<u>3,396,328</u>
Net assets		<u>3,396,328</u>	<u>3,396,328</u>
Capital and reserves			
Called up share capital	27	25,193	25,193
Share premium account	28	2,254,308	2,254,308
Profit and loss account	28	1,116,827	1,116,827
		<u>3,396,328</u>	<u>3,396,328</u>

The notes on pages 15 to 38 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29th June 2023



Pierre de Cacqueray
Director

WELBECK PUBLISHING GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Share premium account	Profit and loss account	Non- controlling interests	Total equity
	£	£	£	£	£
At 1 January 2021	25,193	2,254,308	511,343	490	2,791,334
Comprehensive income for the year					
Profit for the year (restated)			130,089		130,089
Transactions with non-controlling interests (restated)			1,474,392	134,471	1,608,863
Total comprehensive income for the year	-	-	1,604,481	134,471	1,738,952
At 1 January 2022 (restated)	25,193	2,254,308	2,115,824	134,961	4,530,286
Comprehensive income for the year					
Profit for the year			(2,717,077)		(2,717,077)
Transactions with non-controlling interests			(703,879)	(134,961)	(838,840)
Foreign exchange revaluation			26,056		26,056
Total comprehensive income for the year	-	-	(3,394,899)	(134,961)	(3,529,860)
At 31 December 2022	25,193	2,254,308	(1,279,075)	-	1,000,426

The notes on pages 15 to 38 form part of these financial statements.

WELBECK PUBLISHING GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	25,193	2,254,308	39,878	2,319,379
Comprehensive income for the year				
Profit for the year			1,076,949	1,076,949
Total comprehensive income for the year	-	-	1,076,949	1,076,949
At 1 January 2022	25,193	2,254,308	1,116,827	3,396,328
Comprehensive income for the year				
Profit for the year			-	-
Total comprehensive income for the year	-	-	-	-
At 31 December 2022	25,193	2,254,308	1,116,827	3,396,328

The notes on pages 15 to 38 form part of these financial statements.

WELBECK PUBLISHING GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	Restated 2021
	£	£
Cashflow from operating activities		
(Loss)/Profit for the financial year	(2,717,077)	130,108
Adjustments for:		
Amortisation of intangible assets	144,146	124,332
Depreciation of tangible assets	109,017	118,518
Loss/Profit on disposal of tangible assets	1,397	-
Government grants receivable		(41,860)
Gain on foreign exchange	3,611	
Interest payable and similar charges	225,539	95,231
Interest receivable and similar income	(1,347)	-
Taxation charge	(1,284,802)	164,718
Decrease / (increase) in stocks	162,255	(2,639,760)
Decrease / (increase) in debtors	(5,079,497)	(3,733,027)
(Decrease) / increase in creditors	(1,841,861)	3,674,609
Corporation tax paid	18,709	-
Corporation tax refund	(80,106)	-
Loss/Profit on disposal of investment in subsidiary to non-controlling interests	106,878	-
Net cash generated from operating activities	(10,233,136)	(2,107,131)
Cash flows from investing activities		
Purchase of intangible fixed assets	400	(376,434)
Purchase of tangible fixed assets	(41,419)	(55,199)
Interest received	1,347	-
Purchase of controlling interest	-	(1,125,180)
Payment for disposal of subsidiary	(86,576)	-
Net cash used in investing activities	(126,248)	(1,556,813)
Cash flows from financing activities		
New secured loans	18,594,216	-
Repayment of secured loans	(4,061,583)	(312,500)
Sale & lease back cash flows		-
Repayment of finance leases	(41,740)	(41,740)
Net cash advanced on invoice discounting	(2,996,575)	2,991,303
Bank interest paid	(87,657)	(48,615)
Finance lease interest paid	(4,756)	(4,756)
Secured loans interest paid	(132,910)	-
Purchase of non-controlling interest	(838,350)	-
Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control	-	1,071,573
Issue of ordinary shares		537,397
Net cash generated from financing activities	10,430,646	4,192,662
Net increase in cash and cash equivalents	71,261	528,717
Cash and cash equivalents at the beginning of the year	986,213	457,496
Cash and cash equivalents at the end of the year	1,057,475	986,214
Cash and cash equivalents at the end of the year comprise:		
Cash at bank and in hand	1,068,385	1,024,547
Bank overdrafts	(10,910)	(38,333)
	1,057,475	986,214

The notes on pages 15 to 38 form part of these financial statements

WELBECK PUBLISHING GROUP LIMITED
CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2022

	At 1 January 2022	Cash flows	Other non-cash changes	At 31 December 2022
	£	£	£	£
Cash at bank and in hand	1,024,547	43,838		1,068,385
Bank overdrafts	(38,333)	27,423		(10,910)
Bank loan due after 1 year	(1,562,506)	1,562,506		-
Bank loan due within 1 year	(624,994)	624,994		-
Finance lease	(41,740)	41,740		-
Intra-group loan	-	(16,720,133)		(16,720,133)
	(1,243,026)	(14,419,632)	-	(15,662,658)

The notes on pages 15 to 38 form part of these financial statements

WELBECK PUBLISHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

The principal activity of the group is that of the publication of books. The principal activity of the company is that of a holding company and publishing support services.

The parent company is a private company limited by shares and is incorporated in England and Wales. The address of the registered office is Carmelite House, 50 Victoria Embankment, London EC4Y 0DZ and principal place of business is 20 Mortimer Street, London, W1T 3JW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company's functional and presentational currency is pound sterling. All figures are rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

The principal accounting policies adopted are set out below.

2.2 Basis of consolidation

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings together with the group's share of the results of associates and joint ventures made up to 31 December 2022.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The consolidated financial statements present the results of the company and its own subsidiaries as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The directors continue to assess regularly the economic impact of the uncertainty arising from the pandemic and the war in Ukraine. They have considered the position of the group at the year end as well as at the date of signature of the financial statements. The directors are satisfied that the group will be able to satisfy its financial obligations for at least 12 months from the date of signature of the financial statements, which have been prepared on the going concern basis. Furthermore, the parent company will provide financial support for at least 12 months from the date of signature of the financial statements and has provided a letter stating this.

WELBECK PUBLISHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.5 Revenue

Revenue represents amounts receivable for services net of VAT and trade discounts. Revenue comprises the sale of books, income from publishing rights and royalty income.

Revenue from the sale of books is recognised at the point of delivery which is when the significant risks and rewards of the ownership of the books has passed to the customer.

Income from the grant of publishing rights to third parties is recognised from the date of the signed contract.

Royalty earnings are recognised on the third party sales performance of a book.

Revenue from the provision of services to other group companies is recognised on the date the services are provided.

2.6 Operating leases: the group as lessor

Rentals income from operating leases is credited to profit or loss on a straight line basis over the term of the relevant lease.

2.7 Operating leases: the group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Temporary rent concessions occurring as a direct consequence of the COVID-19 pandemic have been recognised on a systematic basis over the periods that the change in lease payments is intended to compensate. This is conditional on:

- the change in lease payments resulting in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change;
- any reduction in lease payments affecting only payments originally due on or before 30 June 2022;
- there being no significant change to other terms and conditions of the lease.

WELBECK PUBLISHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.8 Leased assets: the group as lessee

Assets obtained under finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.9 Sale and leaseback

Where a sale and leaseback transaction results in a finance lease, no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

2.10 Government grants

Government grants are measured at the fair value of the asset received or receivable. Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

2.11 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.12 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.14 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

2.15 Employee benefits

Short term employee benefits, including termination benefits, are recognised as an expense in the period in which they are incurred or when the group has a demonstrable commitment to incur the liability.

WELBECK PUBLISHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.17 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

WELBECK PUBLISHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.18 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life.

Negative goodwill is released to profit or loss over the period in which the group receives the benefit.

The estimated useful lives range as follows:

Goodwill	30 years
Intellectual property	10 years

2.19 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

WELBECK PUBLISHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.19 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- straight line over life of lease
Fixtures and fittings	- 20-33% straight line
Computer equipment	- 20-40% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.20 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.21 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

The cost of each publication in production is included in stock and charged to the statement of comprehensive income pro-rata to the sales of the respective books.

Origination expenditure, representing the cost of design and development of future publications, is written off over the period in which the relevant publication is expected to be sold, subject to making provision for irrecoverable expenditure.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

2.22 Debtors

Short-term debtors are measured at transaction price, less any impairment.

2.23 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.24 Creditors

Short-term creditors are measured at the transaction price.

WELBECK PUBLISHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.25 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable and loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets are initially measured at transaction price including transaction costs and subsequently held at amortised cost less any impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the group's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying value of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent sensitivity involved in making judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

Assessing indicators of impairment of property, plant and equipment

In assessing whether there have been any indicators of impairment to assets, including goodwill, the directors have considered both external and internal sources of information such as market conditions and experience of recoverability.

Key accounting estimates and assumptions

Determining the carrying value of the investments

The company determines the carrying value of investments by assessing for any indicators of impairment, considering both external and internal sources of information such as market conditions and performance of the investments.

Determining inventory standard costing

The group applies a standard costing approach to each title, outlining the costs expected to be incurred. When determining the costing, the directors consider their estimates of printing and other direct costs associated with producing a book to be sold.

WELBECK PUBLISHING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Provisions against slow moving inventory

The group establishes a provision for slow moving inventory. When determining the provision, the directors consider factors such as the amount of the inventory holding and subsequent sales.

Recoverability of receivables

The group establishes a provision for receivables that are not considered to be recoverable. When assessing the recoverability the directors consider factors such as the ageing of the receivables, past experience of recoverability and the credit profile of the debtor.

Determining provisions for customer returns

The group establishes a provision for customer returns. When establishing the provision, the directors consider recent historic experience and actual customer returns.

4. Prior period adjustment

The directors consider that various new policies provide a fairer presentation of the result and the financial position of the group as the result of the acquisition by Hachette UK Limited on 2 December 2022, thereby allowing the group to align accounting policies. The comparative figures in the primary statements and notes have been restated to reflect the new policies.

The effects of the change in policies for consolidated financial statements are summarised below:

	2021 £
Consolidated statement of comprehensive income	
Reduction in turnover	(109,746)
Reduction in cost of sales	109,746
Increase / (decrease) in profit for the financial year	-
Consolidated Balance sheet	
Increase in stock – finished goods and goods for resale	377,093
Increase in debtors - trade debtors	376,271
Increase in creditors – other creditors	(753,364)
Increase / (decrease) in net assets	-

The effects of the change in policies for the company financial statements are summarised below:

Balance sheet	
Reduction in intangible assets	377,093
Reduction in creditors – amounts owed to group undertakings	377,093
Increase / (decrease) in net assets	-

WELBECK PUBLISHING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Prior period adjustment (continued)

The comparative figures in the primary statements and notes have been restated to reflect the prior period adjustment. The effects of the adjustments are summarised below:

	2021 £
Consolidated statement of comprehensive income	
Reduction of profit on disposal of partial interest in a subsidiary	(1,071,466)
Increase in administrative expenses	(40,246)
Increase / (decrease) in profit for the financial year	<u>(1,111,712)</u>
Consolidated balance sheet	
Reduction in intangible assets	(40,246)
Increase in the profit and loss account – accumulated profit	1,071,466
Decrease in the profit and loss account – profit for the year	(1,071,466)
Increase / (decrease) in net assets	<u>(40,246)</u>

Consolidated statement of changes in equity – Extract

	Called-up share capital £	Share premium account £	Profit and loss account £	Non- controllin g interest £	Total £
At 1 January 2022	25,193	2,254,308	2,156,069	134,961	4,570,531
Changes due to prior period adjustment	-	-	(40,426)	-	(40,426)
At 1 January 2022 as restated	25,193	2,254,308	2,115,824	134,960	4,530,285

WELBECK PUBLISHING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Turnover

An analysis of turnover by class of business is as follows:

	2022	Restated 2021
	£	£
Sale and publication of books	25,870,653	17,760,996

Analysis of turnover by country of destination:

	2022	Restated 2021
	£	£
United Kingdom	8,762,676	7,151,344
Rest of Europe	5,201,004	4,258,071
Rest of the world	11,906,973	6,351,581
	25,870,653	17,760,996

6. Exceptional items

	2022	2021
	£	£
Redundancy and other staff costs	1,318,735	48,094
Aborted acquisition costs	-	22,171
Acquisition costs	265,186	-
	1,583,921	70,265

The redundancy and other staff costs incurred by the group of £1,318,735 (2021 - £48,094) arose as a result of sale of the company to Hachette UK Limited.

Costs of £265,186 (2021 - £NIL) were incurred by the group as a result of the sale to Hachette UK Limited, including costs of acquiring 25% of the issued shared capital of Welbeck Publishing Pty Limited.

WELBECK PUBLISHING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Other operating income

	2022	2021
	£	£
Net rents receivable	138,325	115,756
Government grants receivable	5,000	100,174
Insurance claims receivable	3,694	64,087
Custom publishing receivable	3,274	-
	<u>150,293</u>	<u>280,017</u>

8. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2022	2021
	£	£
Amortisation of intangible fixed assets	144,146	124,332
Exchange differences	(38,798)	(5,633)
Operating lease rentals	419,990	226,003
Depreciation of tangible fixed assets	109,017	118,518

9. Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor for the audit of the group's annual financial statements	85,000	61,000
Fees payable to the company's auditor and its associates in respect of:		
All other services	-	32,029

WELBECK PUBLISHING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	5,165,259	4,605,015	-	180,414
Social security costs	561,891	477,542	-	20,144
Cost of defined contribution scheme	239,396	192,743	-	2,499
	<u>5,966,545</u>	<u>5,275,300</u>	<u>-</u>	<u>205,057</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Management	3	3	-	4
Administration	85	70	-	-
	<u>88</u>	<u>73</u>	<u>-</u>	<u>4</u>

11. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	1,708,435	633,581
Group contributions to defined contribution pension schemes	9,166	2,499
	<u>1,717,601</u>	<u>636,080</u>

During the year, retirement benefits were accruing to 1 director (2021 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £826,488 (2021 - £310,152).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,166 (2021 - £2,499).

12. Interest receivable and similar income

	2022 £	2021 £
Interest income	1,347	-

WELBECK PUBLISHING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Interest payable and similar charges

	2022	2021
	£	£
Bank interest payable	216,999	90,475
Loan interest payable	3,784	
Finance lease interest	4,756	4,756
	<u>225,539</u>	<u>95,231</u>

14. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax on profits for the year	50,429	176,309
Adjustments in respect of previous periods	(258,165)	
HMRC refund	(80,106)	
	<u>(287,842)</u>	<u>176,309</u>
Total current tax	<u>(287,842)</u>	<u>176,309</u>
Deferred tax		
Origination and reversal of timing differences	(1,002,242)	(11,591)
Effect of changes in tax rates	5,282	
Total deferred tax	<u>(996,960)</u>	<u>(11,591)</u>
Taxation on profit/(loss) on ordinary activities	<u>(1,284,802)</u>	<u>164,718</u>

WELBECK PUBLISHING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained

	2022	2021
	£	£
Profit/(loss) on ordinary activities before tax	(4,001,878)	1,406,518
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(735,657)	267,238
Effects of:		
Fixed assets timing differences	938	4,276
Expenses not deductible for tax purposes	50,131	21,955
Other permanent differences	(12,450)	(10,818)
Losses carried back	23,596	
Foreign taxation	50,429	56,937
Adjustments to tax charge in respect of previous periods	(258,165)	
Remeasurement of deferred tax for changes in tax rates	(235,257)	
Deferred tax not recognised	(88,261)	21,066
Non-chargeable gains		(203,579)
HMRC refund	(80,106)	
Unexplained difference		7,643
Total tax charge for the year	<u>(1,284,802)</u>	<u>164,718</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges

15. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £nil (2021 - £1,076,949).

WELBECK PUBLISHING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Intangible assets

Group

	Intellectual property £	Goodwill £	Negative goodwill £	Total £
Cost				
At 1 January 2022	549,904	2,288,762	(120,461)	2,718,205
Additions	(400)			(400)
Disposals			120,461	120,461
At 31 December 2022	549,504	2,288,762	-	2,838,266
Amortisation				
At 1 January 2022	60,371	209,784	(12,904)	257,251
Charge for the year	54,950	76,292	12,904	144,146
At 31 December 2022	115,321	286,076	-	401,397
Net book value				
At 31 December 2022	434,183	2,002,686	-	2,436,869
At 31 December 2021	489,533	2,078,978	(107,557)	2,460,954

WELBECK PUBLISHING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Intangible assets (continued)

Company

	Intellectual property £
Cost	
At 1 January 2022	93,320
Additions	(400)
Disposals	
At 31 December 2022	<u>92,920</u>
Amortisation	
At 1 January 2022	14,712
Charge for the year	9,292
At 31 December 2022	<u>24,004</u>
Netbook value	
At 31 December 2022	<u>68,916</u>
At 31 December 2021	<u>78,608</u>

WELBECK PUBLISHING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

17. Tangible fixed assets

Group

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2022	345,282	196,892	483,287	1,025,461
Additions	4,950	1,362	45,577	51,888
Disposals			(37,958)	(37,958)
At 31 December 2022	350,232	198,254	490,906	1,039,391
Depreciation				
At 1 January 2022	145,783	163,056	427,022	735,861
Charge for the year	45,566	22,258	41,193	109,017
Disposals			(36,561)	(36,561)
At 31 December 2022	191,349	185,314	431,655	808,318
Net book value				
At 31 December 2022	158,883	12,940	59,251	231,074
At 31 December 2021	199,499	33,836	56,265	289,600

WELBECK PUBLISHING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

18. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2022	8,106,926
Additions Disposal	838,350
At 31 December 2022	<u>8,945,276</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Country of incorporation	Class of shares	Holding
Welbeck Publishing Group Services Ltd	Publishing support services	England and Wales	Ordinary	100%
Mortimer Books Ltd	Holding company	England and Wales	Ordinary	100%
Carlton Books Limited*	Publication of books	England and Wales	Ordinary	100%
Andre Deutsch Limited*	Licensing for publication of books	England and Wales	Ordinary	100%
Welbeck Children's Limited*	Licensing for publication of books	England and Wales	Ordinary	100%
Welbeck Fiction Limited*	Licensing for publication of books	England and Wales	Ordinary	100%
Welbeck Non-Fiction Limited*	Licensing for publication of books	England and Wales	Ordinary	100%
Welbeck Publishing Pty Ltd	Licensing for publication of books	Australia	Ordinary	100%

The results of the above subsidiaries are included in the consolidated financial statements. The address of the registered office for each subsidiary which is incorporated in England and Wales is Carmelite House, 50 Victoria Embankment, London EC4Y 0DZ. The registered office for Weibeck Publishing PTY Ltd is Three International Towers, Level 21, 300 Barangaroo Avenue, Sydney NSW 2000, Australia.

* held indirectly

WELBECK PUBLISHING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

19. Stocks

	Group 2022 £	Group 2021 £
Work in progress	614,777	409,055
Finished goods and goods for resale	5,089,134	5,457,111
	<u>5,703,911</u>	<u>5,866,166</u>

20. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	11,945,702	7,303,170		
Amounts owed by group undertakings			1,482,817	1,782
Other debtors	3,791,638	3,312,034		
Prepayments and accrued income	297,462	340,102		
Deferred taxation	980,235			
	<u>17,015,037</u>	<u>10,955,305</u>	<u>1,482,817</u>	<u>1,782</u>

21. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	1,068,385	1,024,547	11,237	155,020
	<u>1,068,385</u>	<u>1,024,547</u>	<u>11,237</u>	<u>155,020</u>

WELBECK PUBLISHING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

22. Creditors: Amounts falling due within one year

	Group 2022	Group 2021	Company 2022	Company 2021
	£	£	£	£
Bank overdrafts	10,910	38,333	780	
Bank loans	-	625,000		
Trade creditors	2,585,582	6,252,388		
Amounts owed to group undertakings	16,720,133		7,099,047	1,949,916
Corporation tax	6,311	232,540	1,286	4,789
Other taxation and social security	30,619	1,403,056		
Obligations under finance leases		37,886		
Proceeds of factored debts		2,991,303		2,991,303
Other creditors	1,791,017	1,315,834		
Accruals and deferred income	4,310,259	1,586,848	10,805	
	<u>25,454,829</u>	<u>14,483,188</u>	<u>7,111,918</u>	<u>4,946,009</u>

23. Creditors: Amounts falling due after more than one year

	Group 2022	Group 2021
	£	£
Bank loans	-	1,562,506
Net obligations under finance leases	-	3,854
	<u>-</u>	<u>1,566,360</u>

WELBECK PUBLISHING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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24. Loans

	Group 2022 £	Group 2021 £
Amounts falling due within one year		
Bank loans	-	624,994
Amounts falling due 1-2 years		
Bank loans	-	1,249,992
Amounts falling due 2-5 years		
Bank loans	-	312,514
	<hr/>	<hr/>
	-	2,187,500

25. Finance leases

Minimum lease payments under finance leases fall due as follows:

	Group 2022 £	Group 2021 £
Within one year	-	48,424
Between 1-5 years	-	3,854
	<hr/>	<hr/>
	-	52,278

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

26. Deferred taxation

Group

	2022	2021
	£	£
At beginning of year	16,724	28,316
Charged/(Credit) to profit or loss	(996,960)	(11,591)
At end of year	(980,236)	16,725

The deferred tax asset (2021 - provision for deferred taxation) is made up as follows:

	2022	2021
	£	£
Fixed asset timing differences	29,719	29,091
Short term timing differences	(13,324)	(12,366)
Losses and other deductions	(996,631)	
	(980,236)	16,725

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**NOTES TO THE FINANCIAL STATEMENTS
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27. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
665,094 (2020 - 665,094) A1 shares of £0.01 each	6,651	6,651
665,094 (2020 - 665,094) A2 shares of £0.01 each	6,651	6,651
415,094 (2020 - 415,094) A3 shares of £0.01 each	4,151	4,151
774,001 (2020 - 774,001) B shares of £0.01 each	7,740	7,740
	<hr/> 25,193 <hr/>	<hr/> 25,193 <hr/>

Each class of share ranks pari passu. There are no restrictions on the distribution of dividends and the repayment of capital. The holders of A1 and A2 shares have the right to appoint two A1 and A2 directors respectively. The holders of B shares have the right to appoint one B director. The holders of A3 shares do not have the right to appoint directors.

28. Reserves

Share premium account

The ordinary shares described in note 27 were issued at a price higher than their par value.

Profit and loss account

Profit and loss account includes all current profits which are all distributable.

29. Contingent liabilities

The company has entered into a corporate cross guarantee together with Andre Deutsch Limited, Mortimer Books Ltd and Welbeck Publishing Group Services Limited to secure the banking arrangements of Carlton Books Limited. At the balance sheet date, the indebtedness under this arrangement amounted to £nil (2021 - £2,187,500). There are fixed and floating charges over the intellectual property, property, assets and rights of the company.

30. Pension commitments

The group makes payments into personal pension plans and operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the group to the personal pension plans and defined contribution pension scheme.

Contributions paid by the group for the year amounted to £207,995 (2021 - £192,743). Contributions totalling £53,296 (2021 - £65,091) were payable to the fund at the balance sheet date and are included in creditors.

WELBECK PUBLISHING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

31. Commitments under operating leases

At 31 December 2022 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £
Not later than 1 year	442,000	420,000
Later than 1 year and not later than 5 years	1,089,039	1,531,039
Later than 5 years		
	<u>1,531,039</u>	<u>1,951,039</u>

32. Related party transactions

No disclosure has been made of transactions with other wholly owned group companies in accordance with FRS 102 Section 33 paragraph 33.1.

Other than as disclosed within the directors' emoluments in note 10, there was no remuneration in relation to key management personnel in the current or prior year.

33. Controlling party

The ultimate parent is Lagardere SA, registered in France at 4 rue de Presbourg, 75116 Paris.