A & C Black Publishers Limited

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

31 December 2007

Company Registration Number 189153

A & C Black Publishers Limited
DIRECTORS AND OFFICERS

DIRECTORS

JN Newton
Ms DJ Coleman — Managing Director
Ms J Murphy
O Heini
CR Adams
Dr KM Rooney
DJ Wightman
J Glasspool
Ms J Parsons
CPJ Facey

SECRETARY

I Portal

REGISTERED OFFICE

38 Soho Square
London
W1D 3HB

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

A & C Black Publishers Limited
DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and the audited financial statements for the year ended 31 December 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

A & C Black Publishers Limited had another successful year in 2007 Turnover increased 5% to £14 8m (2006 £14 1m) and the company made an operating profit of £1 1m (2006 £1 1m)

To mark A & C Black's 200th anniversary, we published editions of two books from our archive *Don'ts for Wives and Don'ts for Husbands* First published in 1913, these little books of wise and witty advice for married couples caught the public imagination and were bestsellers selling nearly half a million copies They continue to sell strongly and, for Fathers' Day 2008, we will also publish another book in the same series, *Don'ts for Golfers*

A new publishing agreement was signed with Oxford University Press to produce an online version of *Who's Who* and *Who Was Who* Launched in December 2007, this specially designed website will join *The Oxford Dictionary of National Biography*, thus creating the country's best online biographical source

A & C Black's backlist sales have always been a core strength In 2007 print on demand technology, combined with a new system at our distributor, enabled us to republish out of print backlist titles using print on demand Over 500 previously out of print titles were republished in 2007, generating approximately £126,000 of additional sales

On 31 March 2008 we acquired Featherstone Education Limited Featherstone focuses on publishing to support teachers and of education of children up to seven years old, a rapidly expanding part of the UK market Responding to the government's increased emphasis on, and funding for, this sector, Featherstone is now a market leader in this niche Sales are likely to be boosted by school's implementation of the new 'Early Years Foundation Stage' in September 2008 which requires teachers and educators to follow a 'joined up' learning programme from years 0-8 Education is core to A & C Black and this acquisition extends our reach to the 0-7 ages, and to a wider range of customers Featherstone has a highly effective direct mail system which will be of considerable benefit in increasing our direct sales to customers for educational and children's products A & C Black will be able to add value to the list with our current sales and marketing operations to schools, including our school rep force and with our editorial expertise, particularly in the area of children's music

The company continued to trade during the year as a publisher, its principal interests being yearbooks, children's books, theatre and drama books and other reference books on a wide variety of subjects

The results for the year are set out on page 5

PRINCIPAL RISKS AND CONTROLS

A full review of the Group's Risk Register setting out the risks facing the business and the controls in place for all companies within the group was conducted by the Risk Management Committee during 2007 Details of this review can be found in the annual report of the ultimate parent undertaking, Bloomsbury Publishing Plc

DIVIDEND

The directors do not recommend the payment of a dividend (2006 - £Nil)

FUTURE DEVELOPMENTS

The company is continuing to seek expansion of its publishing interests both in fields where it is already strong and in areas where logical growth can be seen

FIXED ASSETS

All changes in fixed assets are shown in notes 7, 8 and 9 on pages 14 and 15

A & C Black Publishers Limited
DIRECTORS' REPORT

DIRECTORS

The directors of the company during the year were as follows

Ms D J Coleman
Ms J Murphy
O Heini
J N Newton
C R Adams
Dr K M Rooney
D J Wightman
J Glasspool
Ms J Parsons
C P J Facey (appointed 1 July 2007)

The directors who held office at the end of the year had no interest in the share capital of the company at any time during the year

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

AUDITORS

A resolution to re-appoint Baker Tilly UK Audit LLP as auditors will be proposed at the forthcoming Annual General Meeting

By order of the board

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Secretary

Registered office

38 Soho Square
London W1D 3HB

10th July 2008

A & C Black Publishers Limited
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing those financial statements, the directors are required to

a select suitable accounting policies and then apply them consistently,

b make judgements and estimates that are reasonable and prudent,

c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

d 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A & C BLACK PUBLISHERS LIMITED

We have audited the financial statements on pages 5 to 19

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within it

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion
In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Baker Tilly UK Audit LLP

BAKER TILLY ~~UK~~ AUDIT LLP
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

30 July 2008

A & C Black Publishers Limited
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2007

	Note	2007 £	2006 £
TURNOVER	*2*	14,834,246	14,131,602
Cost of sales		(7,812,436)	(7,300,254)
GROSS PROFIT		7,021,810	6,831,348
Distribution and selling costs		(3,787,339)	(3,656,162)
Administrative costs		(1,764,851)	(1,725,125)
Goodwill amortisation		(398,846)	(427,775)
Other operating income		22,850	91,400
OPERATING PROFIT	*2*	1,093,624	1,113,686
Interest receivable		69,019	37,068
Interest payable	*4*	(187,378)	(121,431)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		975,265	1,029,323
Taxation	*6*	(322,068)	(308,381)
RETAINED PROFIT FOR THE FINANCIAL YEAR	*14*	653,197	720,942

The operating profit for the year arises from the company's continuing operations

A & C Black Publishers Limited
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2007

	Note	2007	2006
		£	£
Profit for the year after taxation		653,197	720,942
Actual return less expected return on pension scheme assets		4,000	15,000
Experience gains and losses arising on pension scheme liabilities		9,000	(59,000)
Changes in assumptions underlying the present value of the pension scheme's liabilities		43,000	22,000
Deferred taxation on actuarial gains and losses		(3,032)	(6,600)
TOTAL RECOGNISED GAINS AND LOSSES		706,165	692,342

A & C Black Publishers Limited
BALANCE SHEET
at 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
FIXED ASSETS					
Intangible assets	7		1,437,723		1,772,211
Tangible assets	8		244,377		256,967
Investments	9		1,380,585		1,380,585
			3,062,685		3,409,763
CURRENT ASSETS					
Stocks	10	4,791,207		3,868,650	
Debtors	11	7,595,701		7,591,413	
Cash at bank and in hand		610,058		900,718	
		12,996,966		12,360,781	
CREDITORS amounts falling due within one year	12	(10,977,065)		(11,348,123)	
NET CURRENT ASSETS			2,019,901		1,012,658
NET ASSETS EXCLUDING PENSION SCHEME DEFICIT			5,082,586		4,422,421
Pension scheme deficit	5		(55,000)		(101,000)
NET ASSETS INCLUDING PENSION SCHEME DEFICIT			5 027,586		4,321,421
CAPITAL AND RESERVES					
Share capital	13		86,430		86,430
Profit and loss account	14		4,941,156		4,234,991
SHAREHOLDERS' FUNDS	15		5,027,586		4,321,421

The financial statements were approved and authorised for issue by the board of directors on 10th July 2008

D J Coleman - Director

Jim C

1 ACCOUNTING POLICIES

(a) *Basis of accounting*

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention The company is a wholly owned subsidiary undertaking and as such has utilised the exemptions provided by Financial Reporting Standard No 1 and has not prepared a cash flow statement The cash flows of the company are included in the consolidated cash flow statement of its ultimate parent company, Bloomsbury Publishing Plc

As the company is a wholly owned subsidiary company of Bloomsbury Publishing Plc, consolidated financial statements have not been prepared The financial statements therefore present information about the company as an individual entity and not about its group

(b) *Turnover*

Turnover represents amounts chargeable to customers for goods supplied, advertising income, royalties and commission receivable for the year Turnover excludes value added tax

(c) *Tangible fixed assets*

Tangible fixed assets are depreciated at the following rates on a straight-line basis -

Office equipment	-	10% - 20%
Motor vehicles	-	25%

The above rates are estimated to write off the cost of tangible fixed assets, less any residual value, over their useful lives A full charge is made in the year of acquisition and no charge in the year of disposal

(d) *Intangible assets*

Goodwill, being the excess of the cost of acquisition over the fair value of the net assets acquired, is capitalised and written off over the directors' estimate of its useful economic life of 5 years

This is the appropriate period by best estimate of the directors

The amortisation is included in administrative expenses

(e) *Stocks*

Stocks are valued at the lower of cost and net realisable value Cost, which has been determined by the first in first out method, includes all direct costs of production

(f) *Deferred taxation*

Provision is made for deferred taxation on all timing differences between profit as disclosed in the financial statements and as computed for taxation purposes The provision is made at the rate of corporation tax expected to apply when the timing differences are expected to reverse Deferred tax assets are only included in the financial statements where recovery is more likely than not Deferred taxation is measured on a non-discounted basis

1 ACCOUNTING POLICIES (continued)

(g) *Pensions*

Until 1997 the company operated a defined benefit pension scheme The liability in respect of the defined benefit scheme is the present value of the defined benefit obligations at the balance sheet date, calculated using the projected unit credit method, less the fair value of the scheme's assets

The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost The interest cost and expected return on assets are included within other finance costs

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the statement of total recognised gains and losses

The defined benefit scheme is funded, with the assets held separately from the company in separate trustee administered funds Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date The last valuation was made on 1 January 2007 (note 5)

The pension scheme assets are measured at fair value The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability

Contributions payable under defined contribution schemes are charged to the profit and loss account as incurred

(h) *Foreign currencies*

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction Monetary assets and liabilities are translated at the rates ruling at the balance sheet date

Exchange differences are included in operating profit

(i) *Operating leases*

The total amount payable or receivable is charged or credited to the profit and loss account evenly throughout the terms of the leases

A & C Black Publishers Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

2 TURNOVER AND OPERATING PROFIT

	2007 £'000	2006 £'000
Turnover		
By destination		
United Kingdom	12,152	11,482
Rest of Europe	739	633
The Americas	913	1,176
Australasia	356	282
Africa	428	344
Asia	246	215
	14,834	14,132

	£	£
Operating profit is stated after charging (crediting)		
Auditors' remuneration (see below)	65,385	47,950
Depreciation of tangible fixed assets	111,714	129,833
Staff costs (see note 3)	3,675,489	3,326,955
Operating leases - rent payable	313,005	372,212
Loss/(profit) on disposal of tangible fixed assets	697	(1,250)
Loss/(profit) on exchange	8,743	1,180
Rent receivable	(22,850)	(91,400)

Amounts payable to Baker Tilly and Baker Tilly UK Audit LLP are as follows	2007 £	2006 £
Audit services	35,000	31,000
Other services supplied pursuant to such legislation		
Interim results	5,750	6,500
Pension scheme audit	3,000	2,750
Tax compliance services	4,900	7,700
Tax advisory services	16,735	-
	65,385	47,950

In addition to the amounts shown above the company's auditors, Baker Tilly UK Audit LLP, charged £Nil (2006 £10,000) in respect of due diligence work on a business acquisition These fees were added to the cost of goodwill

3 DIRECTORS AND EMPLOYEES

	2007 £	2006 £
Staff costs (including directors' emoluments)		
Wages and salaries	3,187,508	2,874,998
Social security costs	351,267	319,221
Other pension costs (see note 5)	136,714	132,736
	3,675,489	3,326,955

3 DIRECTORS AND EMPLOYEES (continued)

	2007 Number	2006 Number
Average number of employees in the year analysed by category		
Editorial	49	49
Sales	15	14
Rights	3	2
Publicity and marketing	13	11
Production	6	6
Finance	5	5
Administration	9	9
	100	96

	2007 £	2006 £
Directors' emoluments (excluding pension contributions)		
For management	787,396	652,677
Highest paid director	225,438	194,429
Pension contributions		
All directors	56,898	54,009
Highest paid director	17,738	21,686

Nine (2006 Eight) directors were accruing benefits during the year under defined contribution pension arrangements

4 INTEREST PAYABLE

	2007 £	2006 £
Loan interest payable to ultimate parent company	96,739	95,491
Bank interest	639	940
Interest on pension scheme liabilities	30,000	25,000
Other interest	60,000	-
	187,378	121,431

5 PENSIONS

The company operates a group money purchase scheme In the year to 31 December 2007 pension costs amounted to £136,714 (2006 £132,736)

The company operates a defined benefit scheme for some staff Accrual of benefits ceased in 1997, with the scheme now being operated as a closed fund A full actuarial valuation was carried out as at 1 January 2007 and updated to 31 December 2007 by a qualified independent actuary

At the date of the last completed independent actuarial valuation, which was 1 January 2007, the market value of the assets of the scheme was £424,000 The actuary advised that at that date the actuarial valuation of the assets of the scheme was sufficient to cover 73% of the benefits that had accrued to members, after allowing for expected increases in earnings The scheme is actuarially valued every three years The next valuation of the scheme is due at 1 January 2010

Contributions paid to the scheme during the year amounted to £19,200 (2006 £19,200)

5 PENSIONS (continued)

The major assumptions used by the actuary for the update at 31 December 2007 were as follows

	2007	2006	2005
Rate of increase in pensions in payment	0 00%	0 00%	0 00%
Discount rate	5 90%	5 20%	4 80%
Inflation assumption	3 20%	2 90%	2 90%
Revaluation rate for deferred pensioners	3 20%	2 90%	2 90%

The expected return on plan assets has been determined by reference to the scheme's current investment strategy

Mortality rate assumptions are based on publicly available data in the UK, such as mortality tables The mortality assumptions adopted at 31 December 2007 imply the following remaining life expectancies at age 65

	31 December 2007 Life expectancy at age 65	31 December 2006 Life expectancy at age 65
Male currently aged 40	23 2	19 4
Female currently aged 40	26 0	22 4
Male currently aged 65	21 9	19 4
Female currently aged 65	24 8	22 2

The assets of the scheme and the expected rate of return were	Value at 31 December 2007 £'000	Long-term rate of return	Value at 31 December 2006 £'000	Long-term rate of return	Value at 31 December 2005 £ 000	Long-term rate of return
Total value of assets (with profit policy)	471	5 80 p a	430	5 10% p a	387	3 5% p a
Present value of scheme liabilities	(548)		(574)		(517)	
Deficit before taxation	(77)		(144)		(130)	
Deferred taxation	22		43		39	
Deficit after taxation	(55)		(101)		(91)	

The movement in the deferred tax balance is as follows	£000
1 January 2007	43
Profit and loss account	(18)
Statement of total recognised gains and losses	(3)
31 December 2007	22

5 PENSIONS (continued)

Analysis of the amount that has been charged to operating profit	2007 £'000	2006 £'000
Current service cost	-	-
Past service cost	-	-
Curtailments and settlements cost	-	-
Total operating charge	-	-

Analysis of the amount that has been charged to other finance income	2007 £'000	2006 £'000
Expected return on pension scheme assets	22	14
Interest on pension scheme liabilities	(30)	(25)
Net cost	(8)	(11)

The movement in the deficit during the year was as follows	2007 £'000	2006 £'000
Deficit in scheme at beginning of the year before taxation	(144)	(130)
Movement in year		
Contributions	19	19
Other finance cost (net)	(8)	(11)
Actuarial (loss)/gain	56	(22)
Deficit in scheme at end of the year before taxation	(77)	(144)

The disclosures required by paragraph 86 of FRS 17 are as follows	2007	2006	2005	2004	2003
Difference between the expected and actual return on scheme assets					
Amount (£'000)	4	15	(3)	(2)	(16)
Percentage of scheme assets	1%	4%	(1%)	(1%)	(4%)
Experience gains and losses on scheme liabilities					
Amount (£'000)	9	(59)	12	11	3
Percentage of the present value of the scheme liabilities	2%	(10%)	2%	2%	1%
Total amount recognised in statement of total recognised gains and losses					
Amount (£'000)	56	(22)	(36)	1	(41)
Percentage of the present value of the scheme liabilities	10%	(4%)	(7%)	0%	(9%)

		2007	2006
6	TAXATION	£	£
(a)	Analysis of tax charge for the year		
	UK corporation tax on profit on ordinary activities at 30% (2006 - 30%)	254,328	322,040
	Adjustment in respect of prior years	72,565	-
	Foreign tax	3,142	2,726
		330,035	324,766
	Deferred taxation	(7,967)	(16,385)
		322,068	308,381

		2007	2006
(b)	Factors affecting tax charge for the year	£	£
	The tax assessed for the year is higher (2006 higher) than the standard rate of corporation tax in the UK (30%) The differences are explained below		
	Profit on ordinary activities before tax	975,265	1,029,323
	Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	292,580	308,797
	Effects of		
	Expenses not deductible for tax purposes	12,566	14 750
	Difference between depreciation and capital allowances	(13,037)	2,276
	Tax losses utilised	(1,907)	-
	Expenses deductible for tax purposes in different years	(32,732)	(1,057)
	Adjustment to tax charge in respect of previous years	72,565	-
		330,035	324,766

		Goodwill
7	INTANGIBLE FIXED ASSETS	£
	Cost	
	1 January 2007	3,525,610
	Additions	75,000
	Disposals	(10,642)
	At 31 December 2007	3 589,968
	Amortisation	
	1 January 2007	1.753 399
	Charge for the year	398,846
	At 31 December 2007	2,152,245
	Net book amount	
	31 December 2007	1,437,723
	31 December 2006	1,772,211

8 TANGIBLE FIXED ASSETS

	Office equipment £	Motor vehicles £	Total £
Cost			
At 1 January 2007	507,640	192,641	700,281
Additions	42,945	65,675	108,620
Disposals	-	(26,048)	(26,048)
At 31 December 2007	550,585	232,268	782,853
Depreciation			
At 1 January 2007	307,097	136,217	443,314
Charge for the year	73,387	38,327	111,714
Disposals	-	(16,552)	(16,552)
At 31 December 2007	380,484	157,992	538,476
Net book amount			
At 31 December 2007	170,101	74,276	244,377
At 31 December 2006	200,543	56,424	256,967

9 INVESTMENTS

	£
Shares in subsidiary undertaking at cost	
1 January 2007 and 31 December 2007	1,380,585

The investment represents the cost of acquisition of the whole of the issued share capital of Reed's Almanac Limited, which is the only subsidiary of the company Reed's Almanac Limited is a dormant company incorporated in Great Britain and registered in England and Wales

10 STOCKS

	2007 £	2006 £
Work in progress	880,364	430,427
Finished goods	3,910,843	3,438,223
	4,791,207	3,868,650

11 DEBTORS

	2007 £	2006 £
Trade debtors	5,559,069	5,516,489
Amounts due from group companies	1 210,286	644,897
Deferred tax asset (i)	75,512	49,585
Other debtors	216,247	118,908
Prepayments and accrued income	534.587	1,261,534
	7,595,701	7,591,413

11 DEBTORS (continued)

(i) The deferred tax asset comprises the following

	Fixed asset timing differences £	Short term timing differences £	Total £
1 January 2007	40,800	8,785	49,585
Profit and loss account	32,107	(6,180)	25 927
31 December 2007	72,907	2,605	75,512

The deferred tax asset is included in the financial statements at a corporation tax rate of 30% and may be recoverable, in whole or part, after more than one year

See note 5 for the deferred tax asset in relation to the pension liability

12 CREDITORS

	2007 £	2006 £
Amounts falling due within one year		
Trade creditors	1 883,263	1,693,629
Amounts owed to group companies	7,014,400	7,808,710
Corporation tax	99,674	48,527
Other taxation and social security	94,076	89,810
Other creditors	68,736	67,922
Accruals and deferred income	1,816,916	1,639,525
	10,977,065	11,348,123

13 SHARE CAPITAL

	2007 £	2006 £
Authorised		
Ordinary shares of £1 each	14,000	14 000
Deferred shares of £1 each	86,000	86,000
	100,000	100,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	430	430
Deferred shares of £1 each	86,000	86,000
	86,430	86,430

14 PROFIT AND LOSS ACCOUNT

	£
1 January 2007	4,234,991
Retained profit for the year	653,197
Other recognised gains and losses	52,968
31 December 2007	4,941,156

14 PROFIT AND LOSS ACCOUNT (continued)

	2007	2006
	£	£
Profit and loss reserve excluding pension liability	4,996,156	4,335,991
Pension liability	(55,000)	(101,000)
Profit and loss reserve including pension liability	4,941,156	4,234,991

15 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
1 January 2007	4,321,421	3,629,079
Retained profit for the year	653,197	720,942
Other recognised gains and losses	52,968	(28,600)
31 December 2007	5 027,586	4,321,421

16 TRANSACTIONS WITH DIRECTORS

At no time during the year has any director had any material interest in any contract with the company, being a contract of significance in relation to the company's business

17 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Financial commitments under non-cancellable operating leases will result in the following payments falling due within one year of the balance sheet date

Number of years from the balance sheet date in which leases expire	Land and buildings 2007	Land and buildings 2006
	£	£
Within one year	-	22,850
In the second to fifth years inclusive	36,500	36,500
	36,500	59,350

At 31 December 2007 the company had contracts with tenants for the following annual lease payments

Number of years from the balance sheet date in which leases expire	Land and buildings 2007	Land and buildings 2006
	£	£
Within one year	13,521	91,400
	13,521	91,400

The company is a party to a cross guarantee in respect of the bank borrowings of certain group undertakings There were no such borrowings at 31 December 2007 (2006 £Nil)

18 RELATED PARTIES

The company has taken advantage of the exemption offered by Financial Reporting Standard No 8 not to disclose intra-group transactions in the financial statements of a subsidiary where 90% of the voting rights are controlled within the group

The directors had interests in the share capital of the ultimate parent company, Bloomsbury Publishing Plc, as follows

Ordinary Share Options	At 1 January 2007	Awarded during the year	Exercised during the year	Lapsed during the year	At 31 December 2007
Approved share options exercisable at £2 2025 between 2003 and 2010	27,240	-	-	-	27,240
Unapproved share options exercisable at £1 435 between 2005 and 2009	20,000	-	-	-	20,000
Unapproved share options exercisable at £1 7875 between 2006 and 2010	20,000	-	-	-	20,000
Unapproved share options exercisable at £2 2025 between 2003 and 2010	351,538	-	-	-	351,538
Unapproved share options exercisable at £2 495 between 2007 and 2011	50,000	-	-	-	50,000

In addition, the following awards have been made to the directors over Ordinary Shares of Bloomsbury Publishing Plc under the Bloomsbury Performance Share Plan 2005 ("PSP")

Date of award	At 1 January 2007	Awarded during the year	Vested during the year	Lapsed during the year	At 31 December 2007
4 November 2005	223,563	-	-	-	223,563
26 October 2006	141 935	-	-	-	141,935
8 May 2007	-	295,302	-	-	295,302

On 12 May 2008, a further 398,893 PSP awards were made to the directors For all PSP awards made to the directors, the level of vesting of the shares at the end of the three-year performance period will depend on the extent that performance conditions are satisfied

19 CONTINGENT LIABILITIES

There is a contingent liability for the value added tax of certain other group companies under a group registration At 31 December 2007 there was no potential liability under the terms of the registration (2006 £Nil)

20 ULTIMATE PARENT COMPANY

The immediate parent company is A & C Black plc, a company incorporated in Great Britain and registered in England and Wales

The ultimate parent company is Bloomsbury Publishing Plc, which is incorporated in Great Britain and registered in England and Wales Copies of the financial statements of Bloomsbury Publishing Plc may be obtained from The Company Secretary, Bloomsbury Publishing Plc, 36 Soho Square, London W1D 3QY

21 POST BALANCE SHEET EVENTS

On 31 March 2008 the company acquired Featherstone Education Limited for a net cash consideration of £1,000,000