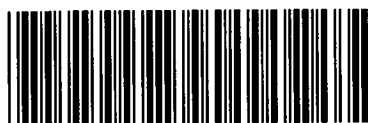


Registered Number: 06849888

Bertram Trading Limited

**Annual Report and Financial Statements
for the 16 month period ended 31 December 2018**

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Bertram Trading Limited

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Bertram Trading Limited

Officers and professional advisers

Directors

R Patel (appointed 26 July 2019)
M Garrard (appointed 26 July 2019)
S E Moon (appointed 8 February 2019, resigned 26 July 2019)
N D Goodwin (appointed 28 March 2018, resigned 31 May 2019)
J M Bunting (resigned 14 February 2018)
M R Cashmore (resigned 14 February 2018)
D G Bauernfeind (resigned 14 February 2018)
J P R Adams (resigned 11 April 2018)
I B M Sheppard (appointed 14 February 2018, resigned 19 May 2018)

Company Secretary

S S Marriner (resigned 14 February 2018)

Registered Office

1 Broadland Business Park
Norwich
Norfolk
NR7 0WF

Legal advisor

Mills & Reeve
1 St James Court
Whitefriars
Norwich
NR3 1RU
United Kingdom

Auditor

KPMG LLP
Botanic House
100 Hills Road
Cambridge
CB2 1AR

Bertram Trading Limited

Strategic report

Principal activity

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

Business review

On 14 February 2018 the company was acquired by Bertram Group Limited (formerly Aurelius Omega Limited), a wholly owned subsidiary of Aurelius Equity Opportunities SE & Co KGaA, a listed pan-European mid-market investor. Aurelius Equity Opportunities has a market capitalization of c. EUR 1.2 billion as of December 2018.

The company's profit for the 16 month financial period after taxation amounted to £8.5m, which reflects £2.6m of exceptional expenditure. (2017 (year): loss £15.8m). The total distribution of dividends for the 16 month period ended 31 December 2018 is £nil (2017 (year): £nil). The books market remains challenging and whilst performance in wholesale markets is improving, the libraries sector continues to be challenging.

There are no further matters to report under s417 of the Companies Act 2006.

Key performance indicators (KPIs)

The Key performance indicators (KPIs) are reviewed and discussed at least monthly by the Executive Team. (comprising directors and non-directors responsible for the strategic implementation of the business plan) KPIs are set at the start of the year as part of the company's financial budgeting and forecasting process.

Reviews are based upon a balanced scorecard approach, which considers KPIs relating to engaged people, operational excellence, budget performance and long term growth. In addition, there are a range of operational KPIs, which are reviewed weekly by the Senior Management Team, who are accountable to the Executive Team

This encompasses our range of KPIs to monitor and manage the business effectively. These are both financial and non-financial: volume of books sold, stock availability, speed of dispatch to customer, turnover, gross profit, gross margin (%), earnings before interest, tax, depreciation and amortisation and non-recurring and other items (EBITDA), and EBITDA %. These KPIs indicate the volume of work the company has undertaken as well as the efficiency and profitability of the company as a whole. During the period the company performed in line with the business targets set at the beginning of the year. There were no material or significant exceptions to report for the period.

Risks and uncertainties

Financial risk management objectives and policies

The company's operations expose it to a variety of financial risks that include the effects of change in foreign currency exchange rates, credit risk, interest rate risk and liquidity risk. The company has robust internal procedures to monitor sales, costs, profits and risks. The company's Executive Team reviews the principal strategic and financial risks on a regular basis. The business completes a detailed forecast at least twice a financial year and more regularly if any significant issues arise and these forecasts are reviewed by the Executive Team.

Credit Risk

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

Currency risk

The Group has exposure to translation and transaction foreign exchange risk. Whilst the group invoices export accounts in sterling, the level of buying from overseas suppliers has increased and a new group treasury function is being implemented over the next 12 months.

Bertram Trading Limited

Strategic report (continued)

Business risk

The company has relatively secure albeit seasonal revenues by performing the majority of trading with established customers, the library business trading under sales contracts with an average term of 3 years. The general economic environment remains challenging with continued pressure on the UK high street. Demand for books however is seen to be relatively resilient compared with other impacts on discretionary consumer spending. This is further mitigated by the company strategy to target areas of market growth. It is however recognised that there will be continuing pressure on public spending which will be likely to have an ongoing impact on sales to public libraries.

By Order of the Board



R Patel
Director

31 July 2019

Bertram Trading Limited

Directors' report

The directors present their annual report and the audited financial statements for the 16 month period ended 31 December 2018. During the year the company changed its accounting reference date, therefore the comparative period shown is for the year ended 31 August 2017. The financial statements have been prepared under FRS 102.

Going concern

The Company made a profit of £8.5m during the financial year, had net current liabilities of £2.8m and had net assets of £0.6m as at 31 December 2018. The directors have prepared financial forecasts for Bertram Group ("the Group") and considered the cash requirements of the company for a period of at least twelve months from the date of signing of these financial statements. As part of the purchase by Aurelius Equity Opportunities SE & Co KGaA the Group has put in place an asset-backed finance facility to support its working capital requirements of £25m. The directors are satisfied that the facilities available are adequate for the company's on-going funding requirements. The drawings under this facility are liabilities of this company.

In addition, and subsequent to the balance sheet date the company has benefited from an intercompany loan made available by Aurelius Finance Company Limited (a fellow subsidiary of Aurelius Equity Opportunities Se & Co KGaA) of £6.2m. Letters of support has also been received from the directors of the immediate parent company, Bertram Group Limited, and from Aurelius Finance Company Limited, confirming the requirement not to repay the above mentioned £6.2m already advanced, until such time as it is able. This support can be relied upon due to the ongoing support provided to Bertram Group Limited and Aurelius Finance Limited by Aurelius Equity Opportunities SE & Co KGaA. As with any company placing reliance on another company for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors are satisfied that the facilities available are adequate for the company's on-going funding requirements. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Results

The results for the 16 month period ended 31 December 2018 are set out on page 9.

Dividends

The directors do not recommend the payment of a dividend for the financial period (2017: £nil).

Directors

The directors, who served during the financial year and up to the date of signing this report, unless otherwise stated, are shown on page 1.

Directors' indemnities

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

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

Supplier payment policy

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

Employees

The company employed 459 people on average (2017: 484) people throughout the United Kingdom and has an established system for communicating information on its performance and other significant issues affecting the business. The company's open management style encourages employees to contribute to the development of the business.

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

Bertram Trading Limited

Directors' report (continued)

Corporate responsibility

The company takes a positive approach to corporate responsibility ("CR"). We take pride in the way we work and the benefits we bring to the communities we serve. We recognise too that responsible practice brings efficiencies and commercial benefits. We have clear policies that ensure our day-to-day operation meets agreed standards. These are supplemented by initiatives that aim to improve targeted areas and are aligned with those of our day-to-day operation. This approach ensures that CR is an integral part of how we operate.

Political and charitable donations

The company made no charitable donations during the 16 month period ended 31 December 2018 (2017: £100). It is the company's policy not to make political donations and no political donations were made in the financial year.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

KPMG LLP will continue in office as auditor to the company.

By Order of the Board



R Patel
Director

31 July 2019

Bertram Trading Limited

Directors' responsibilities statement

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

Company law requires the director to prepare financial statements for each financial period. 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), including FRS 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 the affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

Opinion

We have audited the financial statements of Bertram Trading Limited ("the company") for the period ended 31 December 2018 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
 - have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard* and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the recoverability of trade debtors and the carrying value of tangible fixed assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports that report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Mark Prince (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Botanic House
100 Hills Road
Cambridge
CB2 1AR

31 July 2019

Bertram Trading Limited

Profit and Loss Account

For the 16 month period ended 31 December 2018

	Note	16 months ended 31 December 2018 £'000	12 months ended 31 August 2017 £'000
Turnover	2	249,642	168,397
Cost of sales		(224,554)	(152,316)
Gross profit		25,088	16,081
Distribution costs		(13,606)	(10,036)
Administrative costs		(11,698)	(6,424)
Exceptional income/(costs)	5	9,441	(15,530)
Profit/(loss) before interest and tax	7	9,225	(15,909)
Net finance costs	6	(762)	(11)
Profit/(loss) before taxation		8,463	(15,920)
Tax on loss	8	-	85
Profit/(loss) for the period		8,463	(15,835)

All activities in the Profit and Loss Account relate to continuing operations.

The notes on pages 12 to 24 are an integral part of these financial statements.

There have been no comprehensive income or expenses in the current or prior financial year other than as stated in the profit and loss account, and accordingly a statement of other comprehensive income has not been presented.

Bertram Trading Limited

Balance sheet As at 31 December 2018

	Note	At 31 December 2018 £'000	At 31 August 2017 £'000
Fixed assets			
Intangible assets	9	954	730
Tangible assets	10	3,480	3,792
Investment in subsidiary	11	-	-
		<u>4,434</u>	<u>4,522</u>
Current assets			
Stocks	12	18,760	19,646
Debtors – due within one year	13	37,771	25,196
Cash at bank and in hand		7,882	-
		<u>64,413</u>	<u>44,842</u>
Creditors: amounts falling due within one year	14	<u>(67,175)</u>	<u>(56,814)</u>
Net current liabilities		<u>(2,762)</u>	<u>(11,972)</u>
Total assets less current liabilities		1,672	(7,450)
Provisions for liabilities	15	<u>(1,117)</u>	<u>(458)</u>
Net assets/ (liabilities)		<u>555</u>	<u>(7,908)</u>
Capital and reserves			
Called up share capital	16	1,000	1,000
Profit and loss account	16	<u>(445)</u>	<u>(8,908)</u>
Shareholder's funds/(deficit)		<u>555</u>	<u>(7,908)</u>

The notes on pages 12 to 24 are an integral part of these financial statements.

The financial statements of Bertram Trading Limited, registered number 06849888, were approved by the Board of Directors and authorised for issue on 31 July 2019. These were signed on its behalf by:



R Patel
Director

Bertram Trading Limited**Statement of changes in equity****For the 16 month period ended 31 December 2018**

	Share Capital	Profit and loss account	Total Equity
	£'000	£'000	£'000
At 1 September 2016	1,000	6,927	7,927
Loss for the financial year	-	(15,835)	(15,835)
At 31 August 2017	1,000	(8,908)	(7,908)
Profit for the 16 month period ended 31 December 2018	-	8,463	8,463
At 31 December 2018	1,000	(445)	555

The notes on pages 12 to 24 are an integral part of these financial statements.

Bertram Trading Limited

Notes to the financial statements for the 16 month period ended 31 December 2018

1. Accounting policies

Accounting convention

The financial statements are prepared in compliance with FRS 102, the Companies Act 2006 and in accordance with applicable United Kingdom law and Accounting Standards. The principal accounting policies are summarised below. They have been applied consistently throughout the financial year and the preceding financial year.

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards and are presented in Pound Sterling rounded to £'000s unless otherwise stated. Bertram Trading Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 3. The functional currency of Bertram Trading Limited is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the company operates. These financial statements present information for the company as an individual undertaking and not as a group. The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group financial statements for the 16 month period ended 31 December 2018 as its results are included in the consolidated financial statements of Bertram Group Limited. The consolidated financial statements of Bertram Group Limited are available from Companies House.

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

Going concern

The Company made a profit of £8.5m during the financial year, had net current liabilities of £2.8m and had net assets of £0.6m as at 31 December 2018. The directors have prepared financial forecasts for Bertram Group ("the Group") and considered the cash requirements of the company for a period of at least twelve months from the date of signing of these financial statements. As part of the purchase by Aurelius Equity Opportunities SE & Co KGaA the Group has put in place an asset-backed finance facility to support its working capital requirements of £25m. The directors are satisfied that the facilities available are adequate for the company's on-going funding requirements. The drawings under this facility are liabilities of this company.

In addition, and subsequent to the balance sheet date the company has benefited from an intercompany loan made available by Aurelius Finance Company Limited (a fellow subsidiary of Aurelius Equity Opportunities Se & Co KGaA) of £6.2m. Letters of support has also been received from the directors of the immediate parent company, Bertram Group Limited, and from Aurelius Finance Company Limited, confirming the requirement not to repay the above mentioned £6.2m already advanced, until such time as it is able. This support can be relied upon due to the ongoing support provided to Bertram Group Limited and Aurelius Finance Limited by Aurelius Equity Opportunities SE & Co KGaA. As with any company placing reliance on another company for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors are satisfied that the facilities available are adequate for the company's on-going funding requirements. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Related parties

The company has taken advantage of the exemption not to disclose details of its transactions with its parent company and with other group companies.

Bertram Trading Limited
Notes to the financial statements for the 16 month period ended 31 December 2018 (continued)

1. Accounting policies (continued)

Turnover

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

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the financial year. Differences between contributions payable in the financial year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Finance costs

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

Leases

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

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

Intangible assets

Capitalisation of internally generated development costs

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets and are therefore not treated, for dividend purposes, as a realised loss.

Such costs relate to expenditure on developed software which is capitalised when the company is able to demonstrate all of the following: the technical feasibility of the resulting asset; the ability (and intention) to complete the development and use it; how the asset will generate probable future economic benefits; and the ability to measure reliably the expenditure attributable to the asset during its development. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Internally generated development costs are amortised over their estimated useful economic life of 3 years.

Software

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

Tangible assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant, fixtures and fittings	-	3 to 10 years
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Bertram Trading Limited
Notes to the financial statements for the 16 month period ended 31 December 2018 (continued)

1. Accounting policies (continued)

Stocks

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

Share based payments

Some employees of the company receive part of their remuneration in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity settled transactions). Equity-settled share-based schemes are measured at fair value at the date of grant. The fair value is expensed with a corresponding increase in equity on a straight-line basis over the period during which employees become unconditionally entitled to the options. The fair values are calculated using an appropriate option pricing model. The profit and loss account charge is then adjusted to reflect expected and actual levels of vesting based on non-market performance related criteria.

Taxation

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

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more than likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgements about carrying value of assets and liabilities that are not readily apparent from other sources. The director has reviewed the estimates and assumptions used in the preparation of the financial statements. The director does

not believe that there is a significant risk which would lead to material adjustments to the carrying value of any assets and liabilities in the next financial period due to changes in the estimates or assumptions used.

Bertram Trading Limited

Notes to the financial statements for the 16 month period ended 31 December 2018 (continued)

2. Turnover

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

The analysis of turnover by type is as follows:

	16 month period ended 31 December 2018 £'000	12 month period ended 31 August 2017 £'000
Wholesale	238,784	161,669
Library Services	10,858	6,728
	249,642	168,397

The analysis of turnover by geographical area is as follows:

	16 month period ended 31 December 2018 £'000	12 month period ended 31 August 2017 £'000
United Kingdom	214,251	144,113
Rest of the World	35,391	24,284
	249,642	168,397

3. Employee and staff costs

	16 month period ended 31 December 2018 £'000	12 month period ended 31 August 2017 £'000
Wages and salaries	16,402	10,924
Social security	1,007	905
Pension costs	353	330
	17,762	12,159

Total number of employees

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

	16 month period ended 31 December 2018 No.	12 month period ended 31 August 2017 No.
Operations	248	271
Support functions	212	213
Total	460	484

Bertram Trading Limited
Notes to the financial statements for the 16 month period ended 31 December 2018 (continued)

4. Directors' remuneration

	16 month period ended 31 December 2018 £'000	12 month period ended 31 August 2017 £'000
Directors' remuneration:		
Emoluments	920	301
Company contributions to defined contribution pension schemes	6	44
	926	345
Remuneration of the highest paid director:		
Emoluments	655	301
Company contributions to defined contribution pension schemes	-	44
	655	345
The number of directors who:		
Are members of a defined contribution pension scheme	1	1
Had awards receivable in the form of shares under a long-term incentive scheme	1	1

There were no other transactions with directors.

5. Non-recurring (income)/costs

During the financial period, the company incurred the following one-off (income)/costs based on the policy for exceptional items:

	16 month period ended 31 December 2018 £'000	12 month period ended 31 August 2017 £'000
Intercompany debtor provision	(12,008)	12,008
Obsolete stock	-	1,438
Intangible fixed asset impairment (see note 10)	-	183
Tangible fixed asset impairment (see note 11)	-	408
Specific debtor provision	1,281	552
Dilapidations provision for Norwich site (see note 16)	-	453
Legal costs for vendor dispute	-	111
Preparation for disposal of Bertram Group	-	60
Restructuring programme: staff, legal and set-up costs	1,286	317
	(9,441)	15,530

In line with requirements of FRS 102 the Directors have reassessed the intercompany impairment allowance brought forward from 2017 and this has resulted in a reversal of the impairment loss of £12m during 2018. Following a strategic review of the business exceptional write-offs were incurred in respect of severely aged debtor balances (£1.3m) and a restructuring and integration programme (£1.3m). The Directors considered these items of expense to be separately presented on the face of the profit and loss account to enable the reader of the accounts to understand the underlying performance of the Company in line with their policy for such items.

Bertram Trading Limited**Notes to the financial statements for the 16 month period ended 31 December 2018 (continued)****6. Net finance costs**

	16 month period ended 31 December 2018 £'000	12 month period ended 31 August 2017 £'000
Interest payable and similar charges:		
Interest payable on borrowings and loans	762	-
Interest payable to group undertakings	-	5
Exchange loss on foreign currency borrowings	-	6
	<u>762</u>	<u>11</u>

7. Profit/(Loss) on ordinary activities before tax

	16 month period ended 31 December 2018 £'000	12 month period ended 31 August 2017 £'000
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation/amortisation recognized on of owned assets	1,234	849
Operating lease rentals:		
- Plant and machinery	80	60
- Other	1,189	899
Operating lease rental income – land and buildings	(288)	(222)
Auditor's fees – statutory audit	<u>40</u>	<u>58</u>

Amortisation of intangibles is included within administration costs.

8. Taxation on profit/(loss)

	16 month period ended 31 December 2018 £'000	12 month period ended 31 August 2017 £'000
Current tax:		
UK corporation tax	-	-
Adjustment in respect of previous periods	-	15
Total current tax charge/(credit)	<u>-</u>	<u>15</u>

Bertram Trading Limited**Notes to the financial statements for the 16 month period ended 31 December 2018 (continued)****8. Tax on profit/ (loss) (continued)**

Deferred tax:

Origination and reversal of timing differences	126	(82)
Impact of tax rate change	(112)	(2)
Adjustment in respect of previous periods	(14)	(16)
Total deferred tax credit	-	(100)
Total tax credit on profit/(loss)	-	(85)

The Finance (No.2) Act 2015, which provides for a reduction in the main rate of UK corporation tax from 20% to 19% effective from 1 April 2017, and from 19% to 18%, effective from 1 April 2020, was substantively enacted on 26 October 2015. These rate reductions have been reflected in the current year calculation of deferred tax. A further rate reduction to 17% effective from 1 April 2020 was announced in the Finance Bill 2016. As this has not been substantively enacted at the balance sheet date, it has not been reflected in the calculation of deferred tax at the balance sheet date.

Reconciliation of the total tax charge:

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

	16 month period ended 31 December 2018 £'000	12 month period ended 31 August 2017 £'000
Profit/(Loss) before taxation	8,463	(15,920)
Tax at effective UK corporation tax rate of 19% (2017: 19.6 %)	1,608	(3,120)
Effects of:		
Expenses not deductible for tax purposes	(1,178)	2,385
Non-taxable income	(303)	-
Share based payments		(14)
Impact of tax rate change		6
Group relief surrendered for nil consideration		137
Tax losses not recognized as deferred tax assets	(112)	522
Adjustments in respect of prior periods	(15)	(1)
Total tax credit	-	(85)

Bertram Trading Limited
Notes to the financial statements for the 16 month period ended 31 December 2018 (continued)

9. Intangible fixed assets

	Software	Internally generated development costs	Total
	£'000	£'000	£'000
Cost			
At 1 September 2017	324	698	1,022
Additions	<u>160</u>	<u>519</u>	<u>679</u>
At 31 December 2018	<u>484</u>	<u>1,217</u>	<u>1,701</u>
Amortisation and impairment			
At 1 September 2017	(18)	(274)	(292)
Charge for the year	<u>(128)</u>	<u>(327)</u>	<u>(455)</u>
At 31 December 2018	<u>(146)</u>	<u>(601)</u>	<u>(747)</u>
Net book value			
At 31 December 2018	<u>338</u>	<u>616</u>	<u>954</u>
At 31 August 2017	<u>306</u>	<u>424</u>	<u>730</u>

10. Tangible fixed assets

	Plant, fixtures and fittings
	£'000
Cost	
At 1 September 2017	6,009
Additions	<u>467</u>
At 31 December 2018	<u>6,476</u>
Accumulated depreciation and impairment	
At 1 September 2017	(2,217)
Charge for the year	<u>(779)</u>
At 31 December 2018	<u>(2,996)</u>
Net book value	
At 31 December 2018	<u>3,480</u>
At 31 August 2017	<u>3,792</u>

Bertram Trading Limited
Notes to the financial statements for the 16 month period ended 31 December 2018 (continued)

11. Investment in subsidiary

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

Name	Place of registration
Dawson Books Limited	1 Broadland Business Park, Norwich, Norfolk, NR7 0WF

The company owns 100% of the share capital of Dawson Books Limited at a cost of £1.

12. Stocks

	At 31 December 2018 £'000	At 31 August 2017 £'000
Raw materials and consumables	276	246
Finished goods and goods for resale	18,484	19,400
	18,760	19,646

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

13. Debtors: amounts falling due within one year

	At 31 December 2018 £'000	At 31 August 2017 £'000
Trade debtors	24,870	18,884
Amounts owed by immediate parent undertaking	5,050	-
Amounts owed by group undertakings	6,222	5,169
Other taxation and social security	632	-
Deferred tax (note 15)	35	143
Other debtors	-	502
Prepayments and accrued income	962	498
	37,711	25,196

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

Bertram Trading Limited
Notes to the financial statements for the 16 month period ended 31 December 2018 (continued)

14. Creditors: amounts falling due within one year

	At 31 December 2018 £'000	At 31 August 2017 £'000
Trade creditors	49,748	41,625
Secured credit facility	16,611	-
Bank overdraft	-	13,573
Amounts owed to group undertakings	-	362
Other taxation and social security	348	315
Accruals and deferred income	468	939
	<u>67,175</u>	<u>56,814</u>

On the 14th February 2018 a new secured credit facility was entered into to facilitate the working capital needs of the company. The facility of up to £25m is for a three-year term ending 13th February 2021. If the facility was reclassified as liabilities falling due in greater than one year, then this would result in a change from the reported net current liabilities of £2,762,000 to net current assets of £13,849,000.

The facility is secured by way of fixed and floating charges over the assets of Bertram Trading Limited and its related companies Dawson Books Limited and Wordery.com Limited. The loan attracts interest at LIBOR plus 1.95% and EURIBOR plus 1.95% respectively.

15. Provisions for liabilities

	Dilapidation £'000	Total £'000
As at 1 September 2017	(453)	(453)
(Charge)/credit to income	(664)	(664)
As at 31 December 2018	<u>(1,117)</u>	<u>(1,117)</u>

Other provision mainly relates to costs accrued from the continued restructure of the Library Services business.

Deferred tax

Deferred tax is provided as follows:

	At 31 December 2018 £'000	At 31 August 2017 £'000
Accelerated capital allowances	-	(8)
Share based payments	-	38
Other timing differences	35	113
Deferred tax asset	<u>35</u>	<u>143</u>

The company has capital losses carried forward of £78k (2017: £79k). These capital losses have no expiry date. Deferred tax assets have not been recognised in respect of the capital losses carried forward due to the uncertainty of their utilisation.

The company has tax losses carried forward of £3,698k (2017: £2,665k). These tax losses have no expiry date. Deferred tax assets have not been recognised in respect of the tax losses carried forward due to the uncertainty of their utilisation.

Bertram Trading Limited**Notes to the financial statements for the 16 month period ended 31 December 2018 (continued)****16. Called up share capital and reserves**

	At 31 December 2018 £'000	At 31 August 2017 £'000
Allotted, called-up and fully paid		
1,000,001 ordinary shares of £1 each	1,000	1,000

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

The company's other reserve is comprised of the profit and loss account reserve which represents cumulative profits or losses.

17. Operating lease commitments

Minimum payments under operating leases are as follows:

	At 31 December 2018			At 31 August 2017		
	Land and buildings £'000	Equipment and vehicles £'000	Total £'000	Land and buildings £'000	Equipment and vehicles £'000	Total £'000
Within one year	892	44	936	892	59	951
Within two to five years	3,566	139	3,705	3,566	208	3,774
In more than five years	1,263	-	1,263	2,526	-	2,526
Total	5,721	183	5,904	6,984	267	7,251

Bertram Trading Limited

Notes to the financial statements for the 16 month period ended 31 December 2018 (continued)

18. Share-based payments

Prior to the acquisition of the company by Bertram Group Limited (formerly Aurelius Omega Limited), a wholly owned subsidiary of Aurelius Equity Opportunities SE & Co KGaA, the previous parent company, The Connect Group, operated various share schemes for its employees, as described below. In the period ended 14th February 2018 the company took part in the group share-based payment plans and recognised and measured its allocation of the share-based payment expense based on individual entitlement or by pro rata basis in respect of the Sharesave scheme. Bertram Trading Limited recognised total expenses of £236k in 2018 (2017: £144k) related to the equity-settled share-based payment transactions.

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

Sharesave Scheme	Under the terms of the Connect Group Sharesave Scheme, the Connect Group Board may grant options to purchase ordinary shares in Connect Group PLC to eligible employees who enter into an HM Revenue & Customs approved Save-As-You-Earn ("SAYE") savings contract for a term of three or five years. Options are granted at a 20% discount to the market price of the shares on the day preceding the date of offer and are normally exercisable for a period of six months after completion of the SAYE contract.
Executive share option schemes (ESOS)	Under the terms of the Connect Group's Executive Share Option Scheme, the Connect Group Board may grant options to purchase ordinary shares in Connect Group PLC to executives up to an annual limit of 200% of base salary. The exercise of options is conditional on the achievement of a three year performance target, which is determined by the Remuneration Committee at the time of grant. Provided that the target is met, options are normally exercisable until the day preceding the 10 th anniversary of the date of grant.
LTIP	Under the terms of the Connect Group LTIP, executive directors and key senior executives may be awarded each financial period conditional entitlement to ordinary shares in Connect Group PLC (in the form of nil cost options) or, in order to retain flexibility and at Connect Group's discretion, a cash sum linked to the value of a notional award of shares up to a value of 200% of base salary. The vesting of awards is subject to the satisfaction of a three year performance condition, which is determined by the Remuneration Committee at the time of grant. Subject to the satisfaction of the performance condition, awards are normally exercisable until the 10 th anniversary of the date of grant.
Deferred Bonus Plan (DBP)	Under the terms of the Connect Group Deferred Bonus Plan, executive directors and key senior executives may be granted each financial period share awards (in the form of nil cost options) dependent on the achievement of the Annual Bonus Plan and Economic Profit Plan performance targets. Awards are normally exercisable after two years subject to continued employment.

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

Bertram Trading Limited

Notes to the financial statements for the 16 month period ended 31 December 2018 (continued)

19. Parent and controlling company

The parent company and ultimate controlling party is Aurelius Equity Opportunities SE & Co KGaA, a company incorporated in Germany with offices in Munich and London and subsidiaries in Germany, United Kingdom, Switzerland, Norway, Belgium, Luxembourg, Slovakia and Slovenia, as well as the United States, China, Malaysia, India, Thailand and South Korea. The shares of Aurelius Equity Opportunities SE & Co KGaA are traded in the m:access of the Munich Stock Exchange under ISN DE000A0JKA8.

Copies of the Aurelius Equity Opportunities SE & Co KGaA consolidated financial statements are available on their website or via the investor Relations & Corporate Communications which can be contacted via:

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Mail: investors@aureliusinvest.de

The smallest group preparing consolidated accounts in which the Company's results are included is Bertram Group Limited as its immediate parent company. The largest group preparing consolidated accounts in which the Company's results are included is Aurelius Equity Opportunities SE & Co KGaA.