Registration number: SC027389

HarperCollins Publishers Limited

Report and financial statements

for the year ended 30 June 2018

HarperCollins Publishers Limited

Contents

HarperCollins Publishers Limited

Strategic Report for the Year Ended 30 June 2018

The directors present their Strategic Report and the financial statements of the company for the year ended 30 June 2018.

Principal activity and business review

The principal activity of the company is the publishing of printed books, ebooks and audio content along with the ancillary services of warehousing and distribution. HarperCollins distributes these products in the UK and internationally through a combination of in-house subsidiaries and marketing teams as well as third party distributors.

HarperCollins Publishers Ltd is the second largest consumer book publisher in the world, with operations in 17 countries. With more than 120 branded imprints around the world, HarperCollins publishes approximately 10,000 new books every year in 17 languages and has a print and digital catalogue of more than 200,000 titles.

HarperCollins UK has a heritage stretching nearly 200 years to when William Collins set up his bible, atlas and dictionary publishing business in Glasgow in 1819. The business publishes a wide range of books, digital and audio products, from cutting-edge contemporary fiction to blockbuster thrillers, from fantasy literature and children's stories to enduring classics. HarperCollins also publishes non-fiction, including history, memoirs, popular science, dictionaries, reference titles and education textbooks. The company is proud to publish some of the world's best known authors and personalities, including Hilary Mantel, Jonathan Franzen, Chimamanda Ngozi Adichie, Bernard Cornwell, Barbara Taylor Bradford, Karin Slaughter, Stuart MacBride, Josephine Cox, George RR Martin, Cecelia Ahern, Nigel Slater, Max Hastings, David Walliams, Judith Kerr and Michael Morpurgo as well as the works of Michael Bond, Agatha Christie, JRR Tolkien and CS Lewis.

Turnover increased during the year by £8,887,000. This was driven across all of our trade divisions with significant growth in our Children's publishing with the second Paddington film and continued success of David Walliams, and also in our Non-Fiction divisions with the first title in the Why Mummy series, a new Nigel Slater, the Bruce Dickinson autobiography and a new author in Ant Middleton. The successes in our trade divisions were offset partially by lower sales in Collins Learning where after 5 years of publishing, the Abu Dhabi Education Council, following a merger with Dubai, moved away from the English syllabus to teach the US syllabus in Arabic and hence did not renew the contract that expired in 2017. We also saw growth in our digital publishing with the increase in downloadable audio more than offsetting the continued reduction in eBook sales.

Profit before tax increased by £12,897,000. The increase in turnover contributed a portion of this, however the main driver was a one off deal with Amazon, where in conjunction with WarnerBros and the Tolkien Estate we sold the rights for a multi series TV show to be shown on Amazon Prime based on the Lord of the Rings Appendices. These two factors together with a new print deal for our mono printing in the UK helped drive record profits for the year.

During the year, our publishing highlights were as follows. In Fiction, the business saw success with books by authors including Gail Honeyman (Eleanor Oliphant is Completely Fine), AJ Finn (The Woman in the Window), Gill Simms (Why Mummy Drinks and Why Mummy Swears) and Sarah Pinborough (Behind Her Eyes). NonFiction highlights included Bruce Dickinson (What Does This Button Do?), Adrian Newey (How to Build a Car), Nigel Slater (The Christmas Chronicles), Tim Shipman (Fall Out), Marcus Wareing (New Classics), Ant Middleton (First Man In) and BOSH!. David Walliams led our Children's sales, with the overall market Christmas number one, Bad Dad, and The World's Worst Children 3. Other children's bestsellers came from Oliver Jeffers (Here We Are), David Baddiel (Birthday Boy) and Michael Bond (Paddington at St Paul's). Collins Learning saw continuing export growth with strong development in the Caribbean, China and Middle East particularly. In the U.K. at this stage in the curriculum change cycle, revision and practice at both primary and secondary drove our performance in schools.

Principal activity and business review (continued)
Achievements in the year included winning both Book of the Year (Eleanor Oliphant is Completely Fine) and Publisher of the Year at the British Book Awards. Eleanor Oliphant also won Debut Novel of the Year, while Reservoir 13 won Novel of the Year. HarperCollins also won three (out of five) categories at the Costa Book Awards: Eleanor Oliphant for First Novel, Reservoir 13 for Novel, In the Days of Rain for Biography. Eleanor Oliphant was also named WH Smith Fiction Book of the Year. At the Irish Book Awards, Fergal Keane won the Onside Non-Fiction Book of the Year for Wounds: A Memoir of War and Love, while David Walliams was presented with the prestigious Bord Gáis Energy International Recognition Award. In the charts, HarperCollins had 13 overall Sunday Times number one bestsellers and 68 top ten titles. In the Sunday Times Children's chart, HarperCollins books by David Walliams occupied the number one spot for 30 out of 52 weeks of the year.

HarperCollins' commitment to diversity and inclusivity in publishing was recognised when it was the only publisher to be included on Business in the Community's Best Employers for Race list. The company ran its BAME traineeship for the second time, with the programme now open to non-graduates. It has also introduced a BAME Development Circle mentoring programme, and a support scheme for those about to take, taking or returning from paternal leave. The winner of the second Guardian/4th Estate short story prize for BAME writers, Lisa Smith was announced in July. HarperCollins continues to work with the Whizz-Kidz charity, which works to transform the lives of disabled children by providing vital equipment, skills and training they need at the right time in their lives, by raising funds and supporting in other ways such as work placements and author visits. In an industry-leading partnership HarperCollins, which has a total audio policy, provides audio recordings of every new narrative title free of charge to RNIB's Talking Books Library.

Plans for Future Periods
The business will strive to grow through investment within Fiction & Children's trade publishing and within Collins Learning. Growing our debut authors and cherishing our established brands will be at the heart of everything we do. Our new imprint HQ has now been fully integrated into the business and continues to acquire new authors to its list. Export growth will be the main focus for our Collins Learning division as we expand into new markets in the Caribbean and Asia. With the resurgence of physical sales in the last 12 months, we are forecasting that this will maintain and the current split between print and digital is likely to continue for the foreseeable future. However we do see growth opportunities with audio, especially downloadable format, and will look to generate more content and develop new sales channels to help this format grow.

Principal risks and uncertainties
The company's policy does not permit trading in any financial instruments. The company's principal financial instruments comprise cash, short term deposits and/or borrowings and forward currency contracts, the main purpose of which is to provide finance for its normal trading operations and to reduce the impact of currency exchange rate movements on trading results.

The company has various other financial instruments such as trade debtors and creditors that arise directly from its trading operations.

The main risks arising from the company's financial instruments are liquidity, foreign currency and credit risks. The company has clear policies for managing each of these risks, as summarised below:

a) Liquidity risk
Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets. Investment is carefully controlled with authorisation limits operating at different levels up to board level and with hurdle rates of return and cash payback periods applied as part of the investment appraisal process.

b) Foreign currency risk

The Company buys and sells goods and services denominated in currencies other than sterling. The company manages such receipts and payments through the operation of other denominated currency bank accounts and sterling settlement of foreign exchange contracts. As a result of the value of the company's non sterling revenues, purchases, financial assets and liabilities, cash flows can be affected significantly by movements in exchange rates.

The company seeks to mitigate its exposure to currency movements by entering into forward currency contracts, denominated in the same currency as the operating funds flow, to match the exposures anticipated in the business. The forward contracts are entered into on the basis of new orders and regularly updated forecast information on the level of trading in each denominated currency.

The company will seek to have all material current exposures matched to forward contracts, with a significant percentage of non current exposures matched for up to one year ahead and selectively beyond this.

c) Credit risk

Credit risk is being the risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the company provides goods and services on deferred credit terms.

Company policies are aimed at minimising such losses, and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure the company's exposure to bad debts is not significant. Goods may be sold on a cash with order basis or subject to guaranteed letters of credit to mitigate credit risk.

Credit insurance is also operated on a selective customer basis.

In agreeing annual budgets, the company sets limits for debtors' days and doubtful debt expense against which performance is monitored and reported to senior management in order to reduce the likelihood of an unmanaged concentration of credit risk.

Approved by the Board on 28 March 2019 and signed on its behalf by:

D. Alford
Director

HarperCollins Publishers Limited

Directors' Report
For the year Ended 30 June 2018

The directors present their report and the financial statements for the year ended 30 June 2018.

Going concern
In line with the FRC guidance on Going Concern issued in April 2016, the directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis.

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to liquidity, foreign currency and credit risk are described in the Strategic report.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Results and dividends
The profit for the year, after taxation, amounted to £24,019,000 (2017 - £8,990,000).

The directors do not recommend a dividend (2017 - £Nil).

Employment of disabled persons
The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement
The company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information about the company has continued and employees are encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Directors
The directors who held office during the year were as follows:

K. R. Murdoch

B. Murray

C. G. M. Redmayne

J. Gervasio

S. Dowson-Collins - Company secretary and director

D. Alford

The Articles of Association do not require directors to retire either by rotation or in the year of appointment.

HarperCollins Publishers Limited

Directors' Report (continued)
For the year Ended 30 June 2018

Directors' responsibilities statement
The directors acknowledge their responsibilities 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 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 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor
Each director has taken 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 auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Auditor
The directors have passed a resolution to dispense with the requirement to reappoint auditors annually. Ernst & Young LLP are deemed to be reappointed as auditor in the absence of a notice that the appointment is to be terminated.

Approved by the Board on 28 March 2019 and signed on its behalf by:

D. Alford
Director

Registered office:
103 Westerhill Road
Bishopbriggs
Glasgow
G64 2QT

Independent Auditor's Report to the Members of HarperCollins Publishers Limited

Opinion

We have audited the financial statements of HarperCollins Publishers Limited for the year ended 30 June 2018 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of HarperCollins Publishers Limited (continued)

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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors
As explained more fully in the Directors' responsibilities statement set out on page 5, 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 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 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 Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of HarperCollins Publishers Limited (continued)

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.

Ernst & Young LLP

Paul Copland (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor, Edinburgh
Date: 29 March 2019

HarperCollins Publishers Limited

Profit and Loss Account
For the year ended 30 June 2018

	Note	2018 £ 000	2017 £ 000
Turnover	3	194,683	185,796
Net operating expenses	4	(167,849)	(171,521)
Operating profit	5	26,834	14,275
Interest receivable	8	1,062	1,157
Interest payable	9	(1,469)	(1,659)
Other finance charges	10	(1,522)	(1,765)
		(1,929)	(2,267)
Profit before tax		24,905	12,008
Taxation	11	(886)	(3,018)
Profit for the year		24,019	8,990

The above results were derived from continuing operations.

Statement of Comprehensive Income
For the year ended 30 June 2018

	2018 £ 000	2017 £ 000
Profit for the year	24,019	8,990
Actuarial gain/(loss) recognised on defined benefit pension schemes	30,102	(1,026)
Deferred tax (charge)/credit on actuarial gain/(loss) on defined benefit pension schemes	(5,719)	203
Current Tax Relief on defined benefit pension schemes	-	713
Impact of rate change on deferred tax	(923)	(1,024)
Restriction on surplus	(13,470)	-
Deferred tax credit on restriction of surplus	2,559	-
Net movement on financial derivatives	-	(539)
Currency translation differences on foreign currency loans and deferred trading balances	(5)	(199)
	12,544	(1,872)
Total comprehensive income for the year	36,563	7,118

The notes on pages 12 to 31 form part of these financial statements.

HarperCollins Publishers Limited
Registered number: SC027389

Balance Sheet as at 30 June 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Intangible assets	12	9,644	10,957
Tangible assets	13	5,399	5,369
Investments	14	45,606	45,606
		60,649	61,932
Current assets			
Stocks	15	21,548	22,575
Debtors	16	379,694	368,892
Cash at bank and in hand		20,213	16,283
		421,455	407,750
Creditors: Amounts falling due within one year	18	(123,095)	(125,302)
Net current assets		298,360	282,448
Total assets less current liabilities		359,009	344,380
Provisions for liabilities	19	(8,694)	(9,800)
Net assets excluding pension liability		350,315	334,580
Defined benefit pension scheme liability	21	(10,597)	(31,680)
Net assets		339,718	302,900
Capital and reserves			
Called up share capital	22	13,245	13,245
Share premium reserve		23,782	23,782
Share-based payment reserve		749	494
Other reserves		(72,486)	(72,486)
Profit and loss account		374,428	337,865
Shareholders' funds		339,718	302,900

Approved and authorised by the Board on 28 March 2019 and signed on its behalf by:

D. Alford

D. Alford
Director

The notes on pages 12 to 31 form part of these financial statements.

HarperCollins Publishers Limited

Statement of Changes in Equity
For the year ended 30 June 2018

	Share capital £ 000	Share premium £ 000	Share based payment reserve £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 July 2017	13,245	23,782	494	(72,486)	337,865	302,900
Profit for the year	-	-	-	-	24,019	24,019
Other comprehensive income	-	-	-	-	12,544	12,544
Total comprehensive income for the year	-	-	-	-	36,563	36,563
Share based payment transactions	-	-	485	-	-	485
Cash settlement of share based payments	-	-	(230)	-	-	(230)
At 30 June 2018	13,245	23,782	749	(72,486)	374,428	339,718

Statement of Changes in Equity
For the year ended 30 June 2017

	Share capital £ 000	Share premium £ 000	Share based payment reserve £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 July 2016	13,245	23,782	335	(72,486)	330,747	295,623
Profit for the year	-	-	-	-	8,990	8,990
Other comprehensive loss	-	-	-	-	(1,872)	(1,872)
Total comprehensive income for the year	-	-	-	-	7,118	7,118
Share based payment transactions	-	-	468	-	-	468
Cash settlement of share based payments	-	-	(309)	-	-	(309)
At 30 June 2017	13,245	23,782	494	(72,486)	337,865	302,900

1 General information

The company is a limited liability company incorporated in the United Kingdom under the Companies Act.

The address of its registered office is:
103 Westerhill Road
Bishopbriggs
Glasgow
G64 2QT

These financial statements were authorised for issue by the Board on 28 March 2019.

The nature of the company's operations and its principal activities are set out in the Strategic Report on page 1.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation
The financial statements have been prepared on a going concern basis under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The Company maintains a 52/53 week financial year ending on the Sunday nearest to 30 June in each year. All references to 30 June 2018, 30 June 2017 and 30 June 2016 relate to the 52/53 week periods ended 1 July 2018, 2 July 2017 and 3 July 2016, respectively. For convenience purposes, the Company continues to date its financial statements as of 30 June. The financial statements are presented in pounds sterling which is the functional currency of the company, and rounded to the nearest £'000.

Summary of disclosure exemptions
FRS 102 paragraph 1.12 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with, including notification of and no objection to the use of exemptions by the company's shareholders. The equivalent disclosures are included in the consolidated financial statements of News Corporation, the ultimate parent undertaking.

The company has taken advantage of the following exemptions:

(a) From preparing a statement of cash flows and related notes as required by Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

(b) From the financial instruments disclosures as required by FRS 102 paragraphs 11.42 to 11.48A and paragraphs 12.26 to 12.27, 12.29 (a) & (b) and 12.29A, including:

- categories of financial instruments;
- items of income, expenses, gains or losses relating to financial instruments; and
- exposure to and management of financial risks.

(c) From disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Related party transactions

As a wholly owned subsidiary undertaking of News Corporation whose financial statements are publicly available, the company has taken advantage of the exemption in FRS 102 Section 33 'Related Party Disclosures' not to disclose transactions with other wholly owned members of the group headed by News Corporation.

Going concern

In line with the FRC guidance on Going Concern issued in April 2016, the directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis.

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to liquidity, foreign currency and credit risk are described in the Strategic report.

After making enquiries, the directors have a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Consolidated financial statements

Under Section 401 of the Companies Act 2006 the company is exempt from the requirement to prepare and deliver group financial statements since it is a wholly owned subsidiary of News Corporation which is incorporated in the United States of America and prepares consolidated financial statements. Accordingly, these financial statements present information about the company as an individual undertaking and not about its group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company, and value added taxes. Revenue receivable after more than one year is discounted back to net present valuing using an appropriate discount rate to reflect the time value of money.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably and (d) it is probable that future economic benefits will flow to the entity. Specific revenue recognition criteria also apply depending on the revenue stream, as described below:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, on dispatch of the goods or upon publication date of the title whichever is the later.

2 Accounting policies (continued)

Revenue recognition (continued)

Subsidiary rights

Income derived from the granting of publishing and other subsidiary rights to third parties is recognised on a cash basis as other operating income.

Rendering of services

Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest receivable and payable

Interest receivable and payable is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Operating leases

Operating lease rentals are charged to net operating expenses on a straight-line basis over the term of the lease.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Tax

Taxation expense for the reporting period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax, including UK corporation tax and foreign tax, is the amount payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of 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.

Deferred tax assets are considered as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Intangible assets

Intangible assets consist of internal use software, and 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.

All intangible assets are considered to have a finite useful life.

2 Accounting policies (continued)

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Internal use software	3 years
Publishing rights	5 - 10 years
Goodwill	10 years

Tangible assets

Tangible fixed assets are stated at cost or deemed cost at date of transition in accordance with FRS 102 paragraph 35.10(d) less accumulated depreciation and accumulated impairment losses.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. When an impairment review is undertaken, the recoverable amount is calculated as the net present value of expected future cash flows of the relevant cash generating unit.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the expected useful life of that asset as follows:

Asset class	Depreciation method and rate
Freehold property	20 years
Leasehold buildings	Term of lease
Plant and equipment	10 years maximum

Investments

Investments in subsidiaries are recorded at cost and adjusted for any impairment provisions. When an impairment has been identified, it is reflected in the profit and loss account.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost consists of the purchase price of direct materials or completed books. Provision is made for slow moving, obsolete or damaged items where appropriate.

Work in progress and publishing plant are valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Debtors

Short term debtors are measured at the transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

2 Accounting policies (continued)

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Advances

Advances are written down to the extent that they are not expected to become earned in the future.

Pensions

The company operated two defined benefit pension schemes, which required contributions to be made to administered funds until the decision to close both pension schemes was effected on 31 December 2012. The UK schemes were closed to new members in April 2002 from which time membership of a defined contribution plan was available. A new defined contribution plan was introduced on 1 January 2013 for all members of the schemes.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in the profit and loss account on a straight line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transactions.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate of the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

2 Accounting policies (continued)

Share based payments

The company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Critical judgements in applying the company's accounting policies

No critical judgements in applying the company's accounting policies have been identified in the current or preceding year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Recoverability of deferred tax assets

The company makes estimates regarding the recoverability of deferred tax assets which are, by their nature, uncertain. The deferred tax asset recognised at 30 June 2018 was £4,167,000 (30 June 2017 - £8,643,000).

b) Valuation of pension liabilities

The cost of defined benefit pensions plans is determined using actuarial valuations prepared by the company's actuaries. This involves making certain assumptions concerning discount rates, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The assumptions and the resulting estimates are reviewed annually and, when appropriate, changes are made which affect the actuarial valuations and, hence, the amount of retirement benefit expense recognised in the profit and loss account and the amounts of actuarial gains and losses recognised in the Statement of Changes in Equity. The carrying amount of the retirement benefit obligation at 30 June 2018 was a deficit of £ 10,597,000 (2017 - deficit of £31,680,000). Further details are given in note 21.

3 Revenue

Turnover is the total of goods and services invoiced to customers and is exclusive of value added tax and trade discounts.

Turnover and operating profit is attributable to book publishing and related activities.

Turnover by origin was all from the United Kingdom.

The analysis of the company's turnover for the year by market is as follows:

	2018 £ 000	2017 £ 000
United Kingdom	132,224	125,370
Europe	11,979	9,913
North America	18,031	15,032
Australia	15,207	14,066
New Zealand	610	586
Africa	2,965	3,169
Middle East	3,035	7,965
Other export markets	10,632	9,695
	194,683	185,796

4 Net operating expenses

	2018 £ 000	2017 £ 000
Change in stocks of finished goods and work in progress	751	(1,471)
Raw materials and consumables used	90,995	88,849
Staff costs	54,381	51,956
Amortisation expense	1,784	1,710
Depreciation expense	1,098	1,171
Movement on foreign currency forward contracts	-	240
Other operating charges	46,286	38,736
Other operating income	(27,446)	(9,670)
	167,849	171,521

5 Operating profit

Arrived at after charging/(crediting)

	2018 £ 000	2017 £ 000
Depreciation expense	1,098	1,171
Amortisation of intangible assets	1,784	1,710
Foreign exchange gains	(943)	(155)
Operating lease expense - plant and machinery	206	211
Operating lease expense - other	5,132	5,132
Auditor's remuneration	115	86
Auditor's remuneration - non-audit	27	20

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £ 000	2017 £ 000
Wages and salaries	44,127	41,646
Social security costs	3,991	3,885
Other pension costs	3,126	3,066
Share-based payment expenses	255	159
Other staff costs	2,882	3,200
	54,381	51,956

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2018 No.	2017 No.
Distribution	298	311
Administration	141	140
Selling	133	155
Publishing	325	323
	897	929

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £ 000	2017 £ 000
Remuneration	1,361	1,299

During the year retirement benefits were accruing to 3 directors (2017 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration (excluding pension contributions) of £823,000 (2017 - £755,000).

Benefits are accruing under a defined benefit pension scheme and at the year end the accrued pension amounted to £Nil (2017 - £Nil).

The number of directors in respect of whose qualifying shares were received under long term investment plans was 1 (2017 - 1).

8 Interest receivable

	2018 £ 000	2017 £ 000
Interest on amounts due from group undertakings	1,014	1,157
Interest income on bank deposits	48	-
	1,062	1,157

9 Interest payable

	2018 £ 000	2017 £ 000
Interest on amounts payable to group undertakings	1,000	1,000
Interest payable to fellow subsidiary undertakings	467	653
Other interest	2	6
	1,469	1,659

10 Other finance charges

	Note	2018 £ 000	2017 £ 000
Unwinding of discount on surplus property provisions	19	770	839
Net finance income in respect of defined benefit pension schemes	21	752	926
		1,522	1,765

11 Taxation

Tax charged in the income statement

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax	-	713
UK corporation tax adjustment to prior periods	103	-
Foreign tax	390	266
Total current income tax	493	979
Deferred taxation		
Origination and reversal of timing differences	1,714	2,750
Prior year adjustment	(266)	(111)
Impact of rate change on deferred tax	(1,055)	(600)
Total deferred taxation	393	2,039
Tax expense	886	3,018

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017 - 19.75%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit before tax	24,905	12,008
Corporation tax at standard rate	4,732	2,372
Expenses not deductible for tax purposes	288	429
Impact of rate change on deferred tax	(1,055)	(600)
Adjustments in respect of prior periods	(163)	(111)
Pension contributions - OCI	-	713
Effect of employee share options	(48)	30
Effect of group relief	(3,850)	(657)
Effect of transfer pricing adjustments	592	615
Overseas withholding tax	390	227
Total tax charge	886	3,018

11 Taxation (continued)

Factors that may affect future tax charges

The UK corporation tax rate reduced from 20% to 19% from 1 April 2017 and will reduce to 17% from 1 April 2020. The 2016 Budget announced that the rate would reduce to 17% from 1 April 2020, which was enacted on 16 September 2016. No subsequent changes have been announced in relation to UK corporation tax rates.

12 Intangible assets

	Goodwill £ 000	Publishing rights £ 000	Internal use software £ 000	Total £ 000
Cost				
At 1 July 2017	8,083	604	12,724	21,411
Additions acquired separately	-	-	471	471
Disposals	-	-	(324)	(324)
At 30 June 2018	8,083	604	12,871	21,558
Amortisation				
At 1 July 2017	1,606	437	8,411	10,454
Amortisation charge	803	61	920	1,784
Amortisation eliminated on disposals	-	-	(324)	(324)
At 30 June 2018	2,409	498	9,007	11,914
Carrying amount				
At 30 June 2018	5,674	106	3,864	9,644
At 30 June 2017	6,477	167	4,313	10,957

13 Tangible assets

	Land and buildings £ 000	Plant and equipment £ 000	Total £ 000
Cost or valuation			
At 1 July 2017	16,713	15,611	32,324
Additions	-	1,187	1,187
Disposals	(9,237)	(9,890)	(19,127)
Transfers	113	(113)	-
At 30 June 2018	7,589	6,795	14,384
Depreciation			
At 1 July 2017	11,442	15,513	26,955
Charge for the year	442	657	1,099
Eliminated on disposal	(7,803)	(11,266)	(19,069)
At 30 June 2018	4,081	4,904	8,985
Carrying amount			
At 30 June 2018	3,508	1,891	5,399
At 30 June 2017	5,271	98	5,369

Included within the net book value of land and buildings above is £384,000 (2017 - £384,000) in respect of freehold land and buildings and £3,124,000 (2017 - £4,887,000) in respect of short leasehold land and buildings.

14 Investments

	2018 £ 000	2017 £ 000
Investments in subsidiaries	35,606	35,606
Loans to subsidiaries	10,000	10,000
	45,606	45,606

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

14 Investments (continued)

Subsidiaries	**£ 000**
Cost	
At 1 July 2017	35,606
At 30 June 2018	35,606
Carrying amount	
At 30 June 2018	35,606
At 30 June 2017	35,606

The following were subsidiary undertakings of the company (all investment holdings are 100%):

HarperCollins Publishers India Limited (India) - Publishers
Fourth Estate Limited (England & Wales) - Non trading
William Collins Sons & Company Limited (England & Wales) - Non trading
William Collins International Limited (England & Wales) - Non trading
Letts Educational Limited (England & Wales) - Non trading
Leckie & Leckie Limited (Scotland) - Non trading
Bookarmy Limited (England & Wales) - Non trading
Harlequin Enterprises UK Limited (England and Wales) - Data processing
* HarperCollins Publishers Australia Pty Limited (Australia) - Publishers
* HarperCollins Publishers (New Zealand) Limited (New Zealand) - Publishers
* HarperCollins Canada Limited (Canada) - Publishers

* Held by a subsidiary undertaking

15 Stocks

	2018 £ 000	2017 £ 000
Raw materials and consumables	184	460
Work in progress	1,308	1,373
Finished goods and goods for resale	12,801	13,214
Publishing plant	7,255	7,528
	21,548	22,575

Stock recognised in net operating expenses during the year as an expense was £36,387,000 (2017 - £36,130,000).

An impairment loss of £294,000 (2017 - £5,000 loss) was recognised in net operating expenses against stock during the year due to slow-moving and obsolete stock. The stock provision at 30 June 2018 was £3,960,000 (2017 - £3,257,000).

16 Debtors

	Note	2018 £ 000	2017 £ 000
Trade debtors		22,664	21,596
Amounts due from parent undertakings		212,545	212,531
Amounts due from subsidiary undertakings		90,389	88,735
Amounts due from fellow subsidiary undertakings		7,947	10,696
Advances		24,582	21,434
Other debtors		12,655	2,826
Prepayments and accrued income		4,745	2,431
Deferred tax assets	17	4,167	8,643
		379,694	368,892

Other Debtors includes £10.8m of amounts due after more than one year. These have been discounted back to net present value using a discount rate of 11%.

17 Deferred tax

	2018 £ 000	2017 £ 000
At beginning of year	8,643	11,362
Charged for year (in P&L)	(393)	(2,039)
Charged for year (Other comprehensive income)	(4,083)	(680)
At end of year	4,167	8,643

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2018 £ 000	2017 £ 000
Excess of taxation allowances over depreciation on fixed assets	160	(127)
Tax losses available	199	782
Share-based payments	145	113
Other timing differences	1,862	2,120
Pension schemes	1,801	5,755
	4,167	8,643

A deferred tax asset has been recognised as the directors are of the opinion that the level of future taxable profits and deferred tax liabilities within the company will be sufficient to utilise the deferred tax asset being recognised.

18 Creditors

	2018 £ 000	2017 £ 000
Due within one year		
Trade creditors	6,473	5,053
Amounts due to parent undertakings	26,112	33,270
Amounts due to subsidiary undertakings	43,034	43,034
Sterling short term loans due to parent undertakings	4,000	4,000
Social security and other taxes	1,471	1,688
Royalty creditor	16,007	14,131
Corporation tax	103	-
Other creditors and accruals	25,895	24,126
	123,095	125,302

19 Provisions

	Provision for property costs £ 000
At 1 July 2017	9,800
Utilised in year	(1,876)
Unwinding of discount on surplus property provision (note 10)	770
At 30 June 2018	8,694

The property provision relates to the company's Glasgow site. The provision reflects future rental costs in excess of market levels to the extent the full cost would make activities operated from the premise uneconomic. The utilisation in the year to 30 June 2018 of £1,876,000 is the excess rent for the Glasgow property.

20 Share-based payments

Performance Stock Units (PSUs)

Scheme details and movements

The performance stock units were granted to eligible employees who were awarded a target number of PSUs at the beginning of a 2 or 3 year performance period. The number of shares vesting after the completion of the 2 or 3 year performance period can range from 0% to 200% of the target award subject to the achievement of pre defined performance measures for the applicable performance period. The number of shares expected to vest is estimated based on management's determination of the probable outcome of the performance condition.

The movements in the number of share options during the year were as follows:

	2018 Number	2017 Number
Outstanding, start of period	149,692	123,119
Granted during the period	53,537	64,077
Forfeited during the period	(14,021)	(7,503)
Exercised during the period	(22,298)	(30,001)
Outstanding, end of period	166,910	149,692

20 Share-based payments (continued)

The movements in the weighted average exercise price of share options during the year were as follows:

	2018 £	2017 £
Outstanding, start of period	10.98	10.77
Granted during the period	10.18	11.57
Forfeited during the period	10.77	11.29
Exercised during the period	10.77	11.29
Outstanding, end of period	10.77	10.98

The weighted average fair value of PSUs granted during the year was £10.18 (2017 - £11.57).

Effect of share-based payments on profit or loss and financial position
The total expense recognised in profit or loss for the year was £485,000 (2017 - £468,000).

21 Pension and other schemes

Defined benefit pension schemes

The company operates a Defined benefit pension scheme.

The company sponsors the HarperCollins Pensions and Life Assurance Scheme (the "Staff Scheme") and the HarperCollins Executive Pensions and Life Assurance Scheme (the "Executive Scheme") which are arrangements which provided benefits on a "defined benefit" basis until the schemes' closure to future accrual on 31 December 2012. Both schemes closed to new entrants with effect from 6 April 2002 and, following a consultation process with the members, the schemes were closed to future benefit accrual on 31 December 2012 subject to a salary link remaining in place in respect of the pensions revaluations of the Staff Scheme Employee Deferred Members. Prior to closing the scheme to future benefit accruals, the service cost increased as the remaining members approached retirement under the projected unit method. Following closure, no further benefits are accruing to members aside from pensions revaluations of the Staff Scheme Employee Deferred Members. The company will continue to provide contributions as required.

The company also sponsored an unfunded unapproved plan, which was also a defined benefit pension scheme, in which the actuarial assumptions adopted were the same as those used for the Staff and Executive Pension Schemes. The scheme closed on 30 June 2013.

A full actuarial valuation for both the staff scheme and the executive scheme was carried out as at 31 March 2014 by a qualified actuary. An updated valuation of these schemes for FRS 17 purposes was carried out by a qualified independent actuary as at 30 June 2018.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £1,720,689 (2017 - £1,646,000).

21 Pension and other schemes (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2018 £ 000	2017 £ 000
Fair value of scheme assets	278,064	294,937
Present value of defined benefit obligation	(288,661)	(326,617)
Defined benefit pension scheme deficit	(10,597)	(31,680)

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2018 £ 000
Present value at start of year	326,617
Interest cost	8,355
Actuarial gains and losses	(32,062)
Contributions by scheme participants	(14,249)
Present value at end of year	288,661

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2018 £ 000
Fair value at start of year	294,937
Interest income	7,603
Administrative expenses	(969)
Actuarial gains and losses	(1,960)
Employer contributions	6,172
Benefits paid	(14,249)
Restriction on surplus	(13,470)
Fair value at end of year	278,064

21 Pension and other schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	2018 %	2017 %
Cash and cash equivalents	1.82	1.82
Equity instruments	20.76	23.85
Debt instruments	60.86	58.46
Absolute return funds	13.94	12.91
Insurance contracts	2.62	2.96

Return on scheme assets

	2018 £ 000	2017 £ 000
Return on scheme assets	(1,960)	22,866

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2018 %	2017 %
Discount rate	2.68	2.60
Future salary increases	3.00	3.25
Future pension increases	2.75	3.25
Inflation	3.00	3.25

Post retirement mortality assumptions

	2018 Years	2017 Years
Current UK pensioners at retirement age - male	21.97	22.53
Current UK pensioners at retirement age - female	24.30	24.33
Future UK pensioners at retirement age - male	23.36	24.90
Future UK pensioners at retirement age - female	25.83	26.80

22 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£000	No.	£000
Ordinary of £0.25 each	15,978,482	3,995	15,978,482	3,995
Ordinary A of £0.25 each	37,001,102	9,250	37,001,102	9,250
	52,979,584	13,245	52,979,584	13,245

23 Commitments under operating leases

At 30 June 2018, the Company had future minimum lease payments under non cancellable operating leases as follows:

	2018 £ 000	2017 £ 000
Not later than one year	7,615	7,635
Later than one year and not later than five years	29,884	29,984
Later than five years	47,562	54,972
	85,061	92,591

24 Contingent liabilities

The company has outstanding forward exchange contracts to buy and sell foreign currency to the value of £1,363,000 (2017 - £5,361,000) and £12,390,000 (2017 - £11,073,000) respectively.

The company has now entered into forward contracts up to October 2019 to limit its exposure to foreign currency fluctuations.

The company has entered into an Omnibus Guarantee and Set off Agreement with News Corp UK & Ireland Limited and fellow subsidiary undertakings of News Corp UK & Ireland Limited as guarantors of all monies and liabilities owing or incurred by each of the other parties to Lloyds Bank plc.

25 Parent and ultimate parent undertaking

The company's immediate parent is William Collins Holdings Limited, a company incorporated in England.

The ultimate parent is News Corporation, a company incorporated in Delaware in the United States.

The smallest and largest group in which the results of the company are consolidated is that headed by News Corporation, whose principal place of business is at 1211 Avenue of the Americas, New York, NY 10036. The consolidated financial statements are available to the public and may be obtained from 1 London Bridge Street, London, SE1 9GF.