RELX Group

Annual Reports and Financial Statements 2014

RELX Group is a world-leading provider of information solutions for professional customers across industries.

We help scientists make new discoveries, lawyers win cases, doctors save lives, and executives forge commercial relationships with their clients. We help insurance groups offer customers lower prices by assessing risk better, and save taxpayers and consumers money by enabling governments and financial groups to detect fraud.

RELX Group is owned by two parent companies:

Reed Elsevier PLC is the London Stock Exchange listed vehicle for holding shares in RELX Group. Shareholders in Reed Elsevier PLC own a 52.9% economic interest in the Group.

Reed Elsevier NV is the Amsterdam Stock Exchange listed vehicle for holding shares in RELX Group. External shareholders in Reed Elsevier NV own a 47.1% economic interest in the Group.

Forward-looking statements
The Reports and Financial Statements 2014 contain forward-looking statements within the meaning of Section 27A of the US Securities Act of 1933, as amended, and Section 21E of the US Securities Exchange Act of 1934, as amended. These statements are subject to a number of risks and uncertainties that could cause actual results or outcomes to differ materially from those currently being anticipated. The terms "estimate", "project", "plan", "intend", "expect", "should be", "will be", "believe", "trends" and similar expressions identify forward-looking statements. Factors which may cause future outcomes to differ from those foreseen in forward-looking statements include, but are not limited to competitive factors in the industries in which the Group operates; demand for the Group's products and services; exchange rate fluctuations; general economic and business conditions; legislative, fiscal, tax and regulatory developments and political risks; the availability of third-party content and data; breaches of our data security systems and interruptions in our information technology systems; changes in law and legal interpretations affecting the Group's intellectual property rights and other risks referenced from time to time in the filings of the Group with the US Securities and Exchange Commission.

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* Comprises the Strategic Report in accordance with The (UK) Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013.

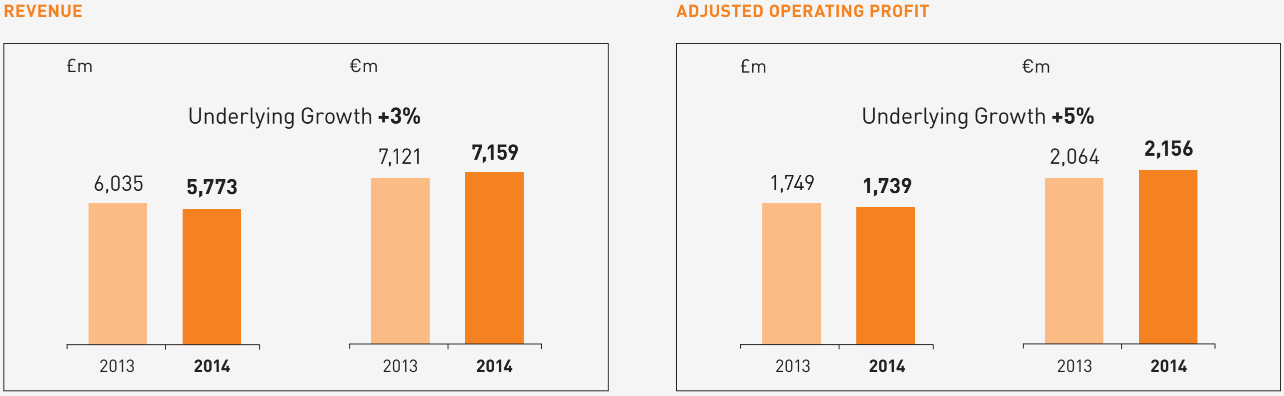
Get more information online

A full pdf of the Annual Report and further information about the Group and our businesses can be found online at our corporate website: www.relxgroup.com

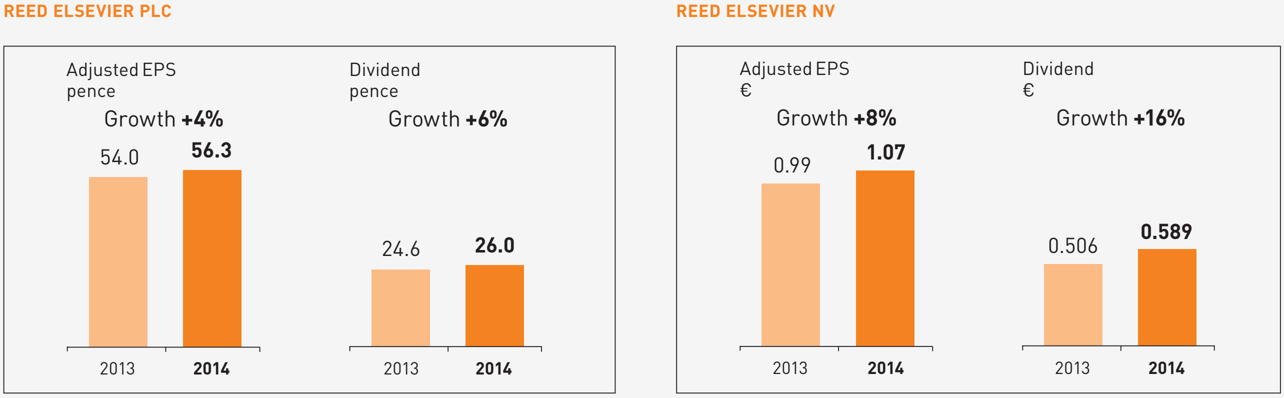
2014 Financial highlights

- Underlying revenue up 3% (excluding exhibition cycling effects)
- Underlying adjusted operating profit up 5%
- Adjusted EPS 56.3p (54.0p) for Reed Elsevier PLC; €1.07 (€0.99) for Reed Elsevier NV; +10% constant currency
- Reported EPS 43.0p (48.8p) for Reed Elsevier PLC; €0.85 (€0.91) for Reed Elsevier NV
- Full year dividend up 6% to 26.0p for Reed Elsevier PLC and up 16% to €0.589 for Reed Elsevier NV
- Return on invested capital up 0.7pts to 12.8%
- Net debt at £3.5bn; 2.3x EBITDA pensions and lease adjusted (1.7x unadjusted)

Reed Elsevier combined businesses



Parent companies



The Reed Elsevier combined businesses (or "the combined businesses") in 2014 encompassed the businesses of Reed Elsevier Group plc and Elsevier Reed Finance BV, together with their two parent companies, Reed Elsevier PLC and Reed Elsevier NV (the "Reed Elsevier combined businesses"). Effective 25 February 2015, ownership of Elsevier Reed Finance BV was transferred to Reed Elsevier Group plc and this newly combined single group entity was named RELX Group plc. A full description is set out on pages 66 and 67.

Adjusted and underlying figures are additional performance measures used by management. Adjusted figures are reconciled to the reported figures in note 10 to the combined financial statements and note 9 to the respective parent company financial statements. Underlying growth rates are calculated at constant currencies and exclude the results of all acquisitions and disposals made in both the year and prior year and assets held for sale. Underlying revenue growth rates also exclude the effects of exhibition cycling. Constant currency growth rates are based on 2013 full year average and hedge exchange rates. The underlying growth in revenue and in adjusted operating profit are the key performance indicators used by the Group in assessing performance.

Chairman's statement

Anthony Habgood
Chairman

Once again underlying revenue and profits grew across all major business units during 2014, as we continued to streamline our operations. We are now proposing measures that will modernise and simplify our corporate structure, increasing transparency without impacting the economic interests of shareholders.

Growth of underlying revenues, which exclude the effects of currency translation, acquisitions, disposals and biennial exhibitions cycling, was 3%. Underlying adjusted operating profits grew 5%, with the improvement in profitability reflecting a combination of underlying revenue growth, process innovation and portfolio development. Adjusted operating profits fell 1% to £1,739m expressed in sterling, and increased 4% to €2,156m expressed in euros.

Adjusted earnings per share grew 4% to 56.3p for Reed Elsevier PLC, and 8% to €1.07 for Reed Elsevier NV. Reported earnings per share fell 12% to 43p for Reed Elsevier PLC, and 7% to €0.85 for Reed Elsevier NV. The year-on-year declines largely reflect the absence of a non-recurring tax credit which was taken in 2013.

Dividends

The Boards are recommending equalised final dividends of 19.00p for Reed Elsevier PLC and €0.438 for Reed Elsevier NV, up respectively 6% and 17% against the prior year. This brings the total dividends for the year to 26.00p for Reed Elsevier PLC, up 6% and €0.589 for Reed Elsevier NV, up 16%. The differing growth rates of the interim and final dividends for the two parent companies reflect movements in the sterling-euro exchange rate between dividend announcement dates.

Balance sheet

Net debt was £3.5bn/€4.6bn on 31 December 2014, compared with £3.1bn/€3.7bn last year. Net debt/EBITDA on a pensions and lease adjusted basis for 2014 was 2.3x, up from 2.1x last year, and on an unadjusted basis, it was 1.7x, up from 1.6x last year. Adjusted cash flow conversion was 96%, down from 97% in 2013, with capital expenditure at 4.7% of revenues.

Share buybacks

During the year, we continued with our share buyback programme. In 2014, we deployed a total of £600m on share buybacks. In 2015, we intend to deploy a total of £500m on share buybacks. By February, £100m of this year's total had already been completed, leaving a further £400m to be deployed during the year.

The Boards

Following the resignation of Duncan Palmer, Nick Luff joined the Group as Chief Financial Officer in September. I would like to take this opportunity to thank Duncan for his contributions over two years, and welcome Nick to our Boards.

Corporate structure and corporate entity names

We are proposing measures to shareholders at our Annual General Meetings in April which will simplify our corporate structure, clarify the economic interests of parent company shareholders, and increase share price transparency. None of the changes impact the economic interests of any shareholder.

We are also proposing to shareholders to align the two parent company names with RELX Group plc, the name that we adopted for the new single group entity on 25 February. The proposed new names are RELX PLC for the London listed shareholding vehicle and RELX NV for the Amsterdam listed shareholding vehicle. We believe it to be in the interests of the shareholders of both parent companies to make the company into a more understandable group with a more modern name to reflect where the company is today.

Corporate responsibility

We remain focused on corporate responsibility, which continues to be a source of strength at the company. The Boards are particularly proud of the initiatives we are taking, which build on our unique contributions to society. Our commitment to the highest standards of ethical management also underpins the vitality of the company. Here, the Boards monitor performance to ensure sustained progress in areas ranging from governance and diversity to responsible supply chain management.

Anthony Habgood
Chairman

Chief Executive Officer's report

Erik Engstrom
Chief Executive Officer

In 2014, we maintained good momentum across our key financial metrics of underlying revenue growth, underlying operating profit growth, adjusted earnings per share growth, and return on invested capital. We made further strategic and operational progress as we continued to transform our business, primarily through organic development.

Strategic direction
Our strategy remains consistent: to become a global professional information solutions provider, a company that delivers improved outcomes for professional customers across industries. Our goal is to help our customers make better decisions, get better results and be more productive. We do this by leveraging a deep understanding of our customers to create innovative solutions which combine content and data with analytics and technology in global platforms. These solutions often account for about 1% of our customers' total cost base but can have a significant and positive impact on the economics of the remaining 99%.

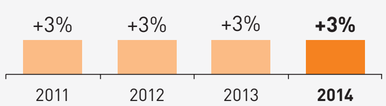
We aim to build leading positions in long-term global growth markets and leverage our skills, assets and resources across the company, both to build solutions for our customers and to pursue cost efficiencies.

During the year we continued to make progress in this strategic direction. We are systematically migrating all of our businesses towards electronic decision tools, adding broader data sets, embedding more sophisticated analytics and leveraging more powerful technology, primarily through organic development.

We are transforming our core business, building out new products and expanding into higher growth adjacencies and geographies. We are supplementing this organic development with selective acquisitions of targeted data and content sets, and assets in high-growth markets and geographies, where we are the natural owner and can accelerate our strategy with good returns. We continue to divest assets that we are unable to migrate or where we do not see significant future value creation.

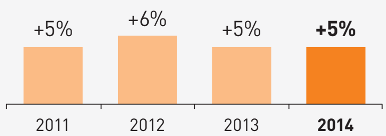
By focusing on evolving the fundamentals of our business we believe that, over time, we are improving our business profile and the quality of our earnings. This is leading to more predictable revenues through a better asset mix and geographic balance; a higher growth profile by expanding in higher growth segments, exiting from structurally challenged businesses and gradually reducing the drag from print format declines; and improved returns by focusing on organic development with strong cash generation.

UNDERLYING REVENUE GROWTH*



* Excluding cycling effects.

UNDERLYING ADJUSTED OPERATING PROFIT GROWTH



2014 progress
In 2014, we made further strategic and operational progress, as we continued to transform our business, primarily through organic development.

With 82% of revenues in our targeted formats of electronic and face-to-face, generating average underlying revenue growth rates of 5% to 7%, we are now primarily focused on driving the transition from electronic reference to electronic decision tools. Our transition away from advertising and marketing services is substantially complete.

In 2014, we continued to focus our acquisitions on targeted data sets and analytics, and assets in high-growth markets that support our organic growth strategies. We completed 27 acquisitions for a total consideration of £385m. We also continued to dispose of assets across business areas, closing 17 small transactions for a total consideration of £74m.

With a strong balance sheet, strong cash flow characteristics and with average acquisition spend comfortably covered by free cash flow after dividends, we continued to take a pragmatic approach to ensuring that the value compounding within the business translates into shareholder value. As part of this we maintained our share buyback programme at £600m in 2014.

We are now extending our efforts to modernise and simplify the company to our corporate structure, our share listings and our corporate entity names. Ownership of all businesses, subsidiaries and financing activities below the two listed parent companies has been transferred to one new single group entity for the first time. This newly-formed single group entity is the result of combining Reed Elsevier Group plc and Elsevier Reed Finance BV. In addition, we are proposing to eliminate the cross-shareholding between the two parent companies and align their direct equity holdings in the new single group entity with their external shareholders' respective economic interests of 52.9% and 47.1%. We also propose to simplify our share listings and increase share price transparency by moving the equalisation ratio for all our share listings to one-to-one from 1 July 2015.

The newly-combined single group entity has been named RELX Group plc. We believe this shorter and more modern name reflects the transformation of the company to a technology, content and analytics-driven business, while maintaining the link with our proud heritage names. We are proposing to align the names of the parent companies, Reed Elsevier PLC and Reed Elsevier NV, with that of RELX Group plc on 1 July, to RELX PLC for the London listed shareholding vehicle, and RELX NV for the Amsterdam listed shareholding vehicle. There will not be any brand or name changes for any customer-facing products or business units.

Financial performance
We maintained good momentum throughout 2014 across our four key financial metrics. Underlying revenue growth, excluding exhibition cycling effects, was 3%. Underlying operating profit growth was 5%. Earnings per share at constant currencies grew 10%, and our return on invested capital increased by 0.7 percentage points to 12.8%.

All four major business areas again delivered underlying revenue and profit growth. We improved profitability through process innovation and portfolio development.

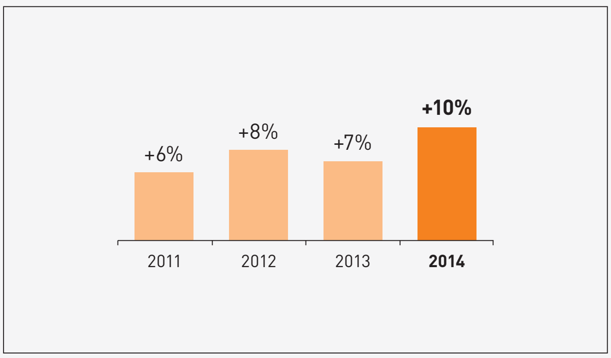
Scientific, Technical & Medical saw double digit growth in subscription journal article submissions and usage, and we saw continued good growth in Databases and Tools, with good electronic revenue growth across all segments.

Strong underlying revenue growth in **Risk & Business Information** was driven by volume growth, new product roll-outs and adjacency expansion across segments.

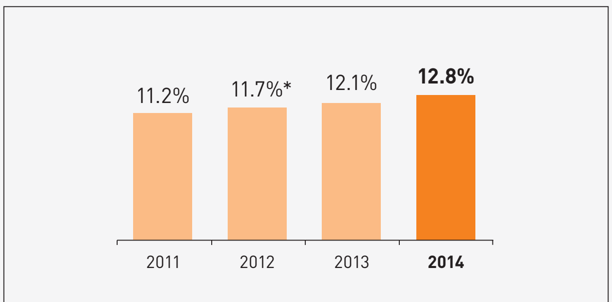
Legal underlying revenue growth was maintained in 2014, in subdued markets, with continued growth in online revenues largely offset by print declines. The roll-out of new platform and product releases continued as planned with adoption and usage progressing well.

Exhibitions maintained strong underlying revenue growth. While growth in Europe was modest, the US, Japan and other markets grew strongly.

EARNINGS PER SHARE GROWTH
Constant currency



RETURN ON INVESTED CAPITAL



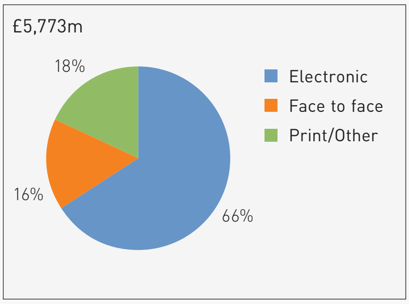
* 2012 ROIC restated for IAS19.

Corporate responsibility
We prioritise our unique contributions to society, including universal sustainable access to information; advancement of science and health; access to justice and the rule of law; and protection of society. In 2014, for example, we supported indigenous African research through Publishers Without Borders; advanced Business for the Rule of Law with the United Nations Global Compact, an initiative that will help businesses further the rule of law at the national and international level; and helped recover three missing children through our Automated Delivery of Alerts on Missing Children (ADAM) programme.

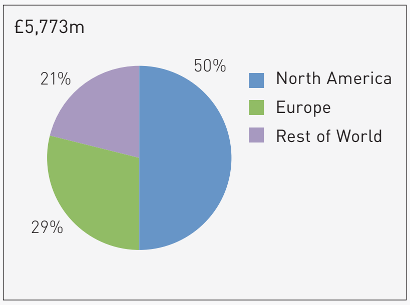
Outlook
Business trends in the early part of 2015 remain consistent with 2014 trends across our business, and we are confident that, by continuing to execute on our strategy, we will deliver another year of underlying revenue, profit and earnings growth in 2015.

Erik Engstrom
Chief Executive Officer

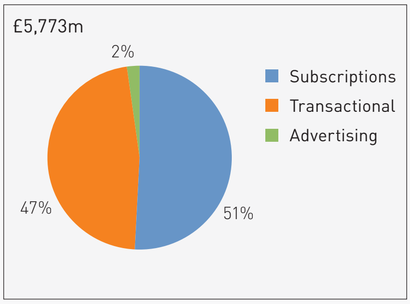
REVENUE BY FORMAT



REVENUE BY GEOGRAPHICAL MARKET



REVENUE BY TYPE



Business review

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RELX Group

RELX Group is a world-leading provider of information solutions for professional customers across industries.

We help scientists make new discoveries, lawyers win cases, doctors save lives and executives forge commercial relationships with their clients. We help insurance groups offer customers lower prices by assessing risk better, and save taxpayers and consumers money by enabling governments and financial groups to detect fraud.

We achieve this by using our deep customer understanding to combine high-quality content and data with analytics and technology in global platforms. These solutions often account for about 1 percent of our customers' total cost base but can have a significant, positive impact on the economics of the remaining 99 percent. We aim to build leading positions in long-term global growth markets and we are leveraging our institutional skills, assets and resources across the company, both to build solutions for our customers and to pursue cost efficiencies.

We continue to evolve into a company that delivers improved outcomes to professional customers across industries.
We are achieving this primarily through organic development, supplemented by selective portfolio reshaping.

Reed Elsevier combined businesses

REPORTED FIGURES	£			€				
For the year ended 31 December	**2014 £m**	2013 £m	Change	**2014 €m**	2013 €m	Change	Change at constant currencies	Change underlying
Revenue	**5,773**	6,035	−4%	**7,159**	7,121	+1%	+1%	**+3%***
Operating profit	**1,402**	1,376	+2%	**1,738**	1,624	+7%	+8%	
Profit before tax	**1,229**	1,196	+3%	**1,523**	1,412	+8%	+9%	
Net profit	**955**	1,110	−14%	**1,184**	1,310	−10%	−9%	
Net margin	**16.5%**	18.4%		**16.5%**	18.4%			
Net borrowings	**3,550**	3,072		**4,579**	3,686			

ADJUSTED FIGURES	£			€				
For the year ended 31 December	**2014 £m**	2013 £m	Change	**2014 €m**	2013 €m	Change	Change at constant currencies	Change underlying
Operating profit	**1,739**	1,749	−1%	**2,156**	2,064	+4%	+5%	**+5%**
Operating margin	**30.1%**	29.0%		**30.1%**	29.0%			
Profit before tax	**1,592**	1,572	+1%	**1,974**	1,855	+6%	+7%	
Net profit	**1,213**	1,197	+1%	**1,504**	1,413	+6%	+7%	
Net margin	**21.0%**	19.8%		**21.0%**	19.8%			
Cash flow	**1,662**	1,703	−2%	**2,061**	2,010	+3%	+3%	
Cash flow conversion	**96%**	97%		**96%**	97%			
Return on invested capital	**12.8%**	12.1%		**12.8%**	12.1%			

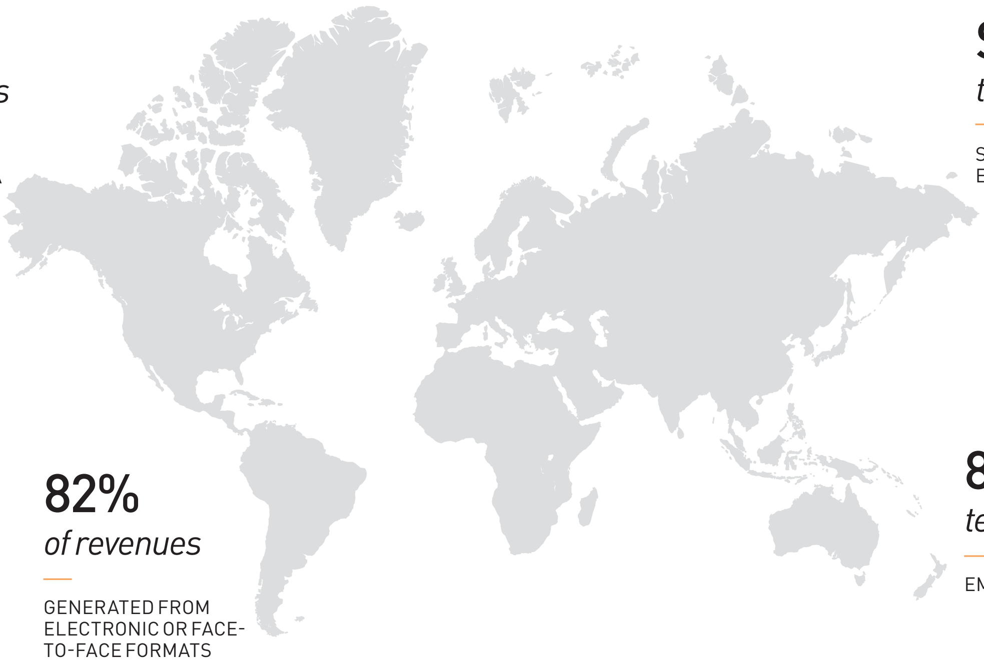
Parent companies

	Reed Elsevier PLC			**Reed Elsevier NV**			
	2014	2013	Change	**2014**	2013	Change	Change at constant currencies
Adjusted earnings per share	**56.3p**	54.0p	+4%	**€1.07**	€0.99	+8%	**+10%**
Reported earnings per share	**43.0p**	48.8p	−12%	**€0.85**	€0.91	−7%	
Ordinary dividend per share	**26.0p**	24.6p	+6%	**€0.589**	€0.506	+16%	

* Excluding exhibition cycling. Had exhibition cycling been included, underlying growth would have been 4%.

The Reed Elsevier combined businesses (or "the combined businesses") in 2014 encompassed the businesses of Reed Elsevier Group plc and Elsevier Reed Finance BV, together with their two parent companies, Reed Elsevier PLC and Reed Elsevier NV (the "Reed Elsevier combined businesses"). Effective 25 February 2015, ownership of Elsevier Reed Finance BV was transferred to Reed Elsevier Group plc and this newly combined single group entity was named RELX Group plc. The results of Reed Elsevier PLC reflect its shareholders' 52.9% economic interest in the Reed Elsevier combined businesses. The results of Reed Elsevier NV reflect its shareholders' 50% economic interest in the Reed Elsevier combined businesses. These respective economic interests of the Reed Elsevier PLC and Reed Elsevier NV shareholders take account of Reed Elsevier PLC's 5.8% indirect interest in Reed Elsevier NV.

We serve customers in more than 180 countries and have 28,500 full-time employees worldwide.



50%
of revenues
GENERATED IN NORTH AMERICA

$1.3bn
technology
SPEND EVERY YEAR

82%
of revenues
GENERATED FROM ELECTRONIC OR FACE-TO-FACE FORMATS

8,000
technologists
EMPLOYED GLOBALLY

LEVERAGING INNOVATION ACROSS THE GROUP: HPCC SYSTEMS

The company's big data technology, known as HPCC, allows users to leverage structured and unstructured data, opening up huge possibilities for our customers. It powers all of the LexisNexis Risk Solutions' operations, and now other businesses across the company are capitalising on its capabilities.

82%

OF NORTH AMERICAN CUSTOMERS ARE ACTIVATED TO USE LEXIS ADVANCE AS OF FEBRUARY 2015

LEXIS ADVANCE

Lexis Advance offers lawyers trusted information and unique insight supporting all aspects of their daily work. Powered by HPCC Systems' big data technology, and guided by the principle of 'power in simplicity', the new portfolio of content, analytical and productivity tools delivers results quickly and easily. More than 4bn connections within the LexisNexis database are continually explored and updated to deliver the latest, most accurate results via computer, tablet or smartphone.

LEGAL PROFESSIONALS WORK UNDER ENORMOUS BUSINESS AND TIME PRESSURES AS THEY SOLVE COMPLEX PROBLEMS AND MITIGATE RISK FOR THEIR CLIENTS, AGENCIES AND COMPANIES. THE DATA PROCESSING POWER OF HPCC SYSTEMS ALLOWS LEXIS ADVANCE TO DIRECTLY ADDRESS THEIR NEEDS TO QUICKLY TURN INSIGHTS INTO ACTION.

Sean Fitzpatrick

MD, North American Research Solutions, LexisNexis

Signing ceremony of the Big Data Initiative between Elsevier and University College London.
L–R: (back row) Professor Stephen Caddick, UCL's Vice-Provost (Enterprise & London); Rt Hon David Willetts, Minister of State for Universities and Science; Anthony Habgood, Chairman; Nick Fowler (Elsevier)
L–R: (seated) Prof David Price, Vice Provost (Research) UCL; Prof Michael Arthur, President and Provost UCL; Ron Mobed, CEO Elsevier; Olivier Dumon (Elsevier)

SCIVAL

SciVal offers research institutions an evidence base to benchmark the productivity and impact of their research against any of their peers worldwide. It is powered by a supercomputer, using HPCC Systems. This allows more than 4,600 institutions and entire countries to draw on more than 90,000bn possible metric values, derived from more than 33m Scopus publications. The results are displayed within a second.

SCIVAL'S HALLMARK IS ITS ENORMOUS FLEXIBILITY THAT ALLOWS CUSTOMERS TO LOOK AT THEIR PERFORMANCE IN THEIR OWN WAY. CUSTOMERS ARE AMAZED TO SEE HOW MANY OPTIONS SCIVAL OFFERS THEM TO COMPARE THEMSELVES AGAINST THEIR PEERS.

Marcel Vonder

Head of Product Development for SciVal

C.L.U.E.® AUTO

C.L.U.E.® Auto, part of the LexisNexis Risk Solutions product suite, provides insurance companies access to prior claim information to assist them in determining premiums during the underwriting process. It is the US insurance industry's most complete source of historical personal automobile claims data.

Using HPCC Systems has improved the ability of LexisNexis to provide a complete history of a potential policyholder's claim experience. HPCC Systems enables us to discover claims even when given minimal search criteria by the insurance carrier.

AS A CONTRIBUTORY DATABASE, C.L.U.E.® AUTO HAS PROVEN TO BE INVALUABLE TO THE INSURANCE INDUSTRY BECAUSE OF THE INSIGHTS IT PROVIDES DURING THE UNDERWRITING PROCESS.

Victor Bayus

Vice President, Product Management, LexisNexis Risk Solutions

The Group operates across a number of market segments

MARKET SEGMENTS	SEGMENT POSITION
In **Scientific, Technical & Medical** markets, we provide information and tools to help customers improve scientific and healthcare outcomes.	**Global #1**
In **Risk & Business Information**, we provide data, analytics and insight that enable customers to evaluate and manage risks, and develop market intelligence, supporting more confident decisions, improved economic outcomes, and enhanced operational efficiency.	**Key verticals #1**
In **Legal** markets, we are a world-leading provider of legal, regulatory and news and business information and analysis to legal, corporate, government and academic customers.	**US #2 Outside US #1 or 2**
In **Exhibitions**, we are the world's leading events business, with 500 events in over 30 countries.	**Global #1**

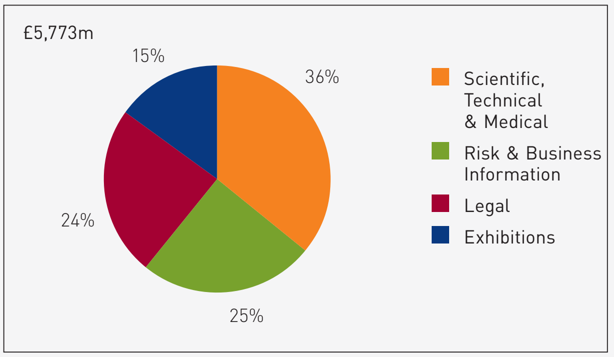
Financial summary by market segment

	2014 £m	2013 £m	Change	Change at constant currencies	Change underlying
Revenue					
Scientific, Technical & Medical	**2,048**	2,126	–4%	+1%	+2%
Risk & Business Information	**1,439**	1,480	–3%	+2%	+6%
Legal	**1,396**	1,567	–11%	–6%	+1%
Exhibitions	**890**	862	+3%	+11%	+7%*
	5,773	6,035	–4%	+1%	+3%*
Adjusted operating profit					
Scientific, Technical & Medical	**762**	787	–3%	+1%	+3%
Risk & Business Information	**506**	507	0%	+5%	+6%
Legal	**260**	250	+4%	+10%	+6%
Exhibitions	**217**	210	+3%	+12%	+9%
Unallocated items	**(6)**	(5)			
	1,739	1,749	–1%	+5%	+5%

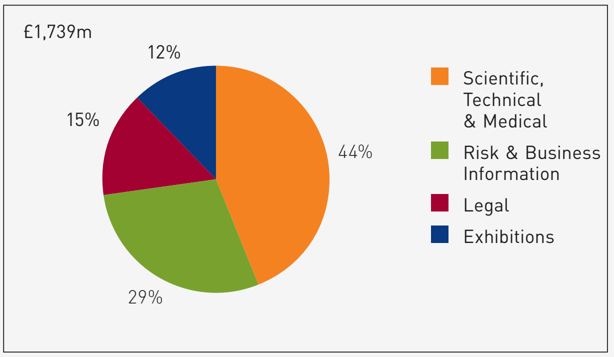
* Excluding exhibition cycling effects. Had cycling effects been included the Group's underlying growth would have been 4% and Exhibitions' would have been 9%.

Adjusted and underlying figures are additional performance measures used by management. Adjusted figures are reconciled to the reported figures in note 10 to the combined financial statements and note 9 to the respective parent company financial statements. 2013 comparative financial information has been restated following the adoption of a new method for the allocation of corporate and shared costs from 1 January 2014. Underlying growth rates are calculated at constant currencies, and exclude the results of all acquisitions and disposals made in both the year and prior year and assets held for sale. Underlying revenue growth rates also exclude the effects of exhibition cycling. Constant currency growth rates are based on 2013 full year average and hedge exchange rates. The underlying growth in revenue and in adjusted operating profit are the key performance indicators used by the Group in assessing performance.

REVENUE



ADJUSTED OPERATING PROFIT



Market segments

Scientific, Technical & Medical

In Scientific, Technical & Medical markets, we provide information and tools to help customers improve scientific and healthcare outcomes.

Elsevier is the world's leading provider of scientific, technical & medical information serving scientists, health professionals and students worldwide. Its objective is to help its customers advance science and improve healthcare by providing world-class content and innovative information solutions that enable them to make critical decisions, enhance productivity, and improve outcomes.

Revenues for the year ended 31 December 2014 were £2,048m. Elsevier is a global business with principal operations in Amsterdam, Beijing, Boston, Chennai, Delhi, London, Madrid, Munich, New York, Oxford, Paris, Philadelphia, Rio de Janeiro, St. Louis, San Diego, Singapore and Tokyo. It has 7,000 employees.

Approximately 37% of revenue by destination in 2014 was derived from North America, 30% from Europe and the remaining 33% from the rest of the world.

Elsevier serves the needs of the science, technology & medical markets by publishing primary research, reference and education content, as well as by providing a range of database and workflow solutions. Elsevier's customers are scientists, academic institutions, educators, research leaders and administrators, medical researchers, doctors, nurses, allied health professionals and students, as well as hospitals, research institutions, health insurers, managed healthcare organisations, research-intensive corporations, and governments. All of these customers rely on Elsevier to provide high-quality content and critical information for making scientific and medical decisions; to review, publish, disseminate and preserve research findings; to create innovative tools to help focus research strategies, increase research effectiveness, improve medical outcomes, and enhance the efficiency of healthcare and healthcare education.

In the primary research market during 2014, over 1.1m research papers were submitted to Elsevier. Over 16,000 editors managed the peer review and selection of these papers, resulting in the publication of more than 360,000 articles in over 2,000 journals, many of which are the foremost publications in their field and a primary point of reference for new research. This content was accessed by around 12m people, with more than 750m full text article downloads last year. Content is provided free or at very low cost in most of the world's poorest countries. Elsevier's journals are primarily published and delivered through the ScienceDirect platform, the world's largest database of scientific and medical research, hosting over 12m pieces of content, and 30,000 e-books. Flagship journals include Cell and The Lancet families of titles.

In 2014, Elsevier expanded the Lancet collection, adding new titles, such as The Lancet Psychiatry, The Lancet HIV and The Lancet Haematology.

Elsevier is also a global leader in the scientific, technical & medical reference market, providing authoritative and current professional reference content. While reference has traditionally been provided in print, Elsevier has been a leader in driving the shift from print to electronic. Flagship titles include works such as Gray's Anatomy, Nelson's Pediatrics and Netter's Atlas of Human Anatomy.

ELSEVIER

Cell
Premier life sciences journal with the highest impact factor in biochemistry and molecular biology

HESI
The leading suite of preparation, testing and remediation resources that generate actionable data to prepare nursing and health profession students for success in pursuing degrees, passing licensure exams and starting their careers

THE LANCET
One of the world's leading medical journals since 1823

MENDELEY
An innovative research management and social collaboration platform

ScienceDirect
The world's largest database of scientific and medical research articles

Scopus
Provides research performance tools for academic institutions and funding intelligence

CLINICALKEY
Combines leading reference and evidence-based medical content into its fully integrated clinical insight engine

SciVal
Ready-to-use tools to analyse the world of research, and establish, execute and evaluate the best strategies for research organisations

Elsevier's flagship clinical reference platform, ClinicalKey, provides physicians with access to leading Elsevier and third-party reference and evidence-based medical content in a single, fully integrated site. ClinicalKey is continuing to grow strongly, and is currently accessed by over 2,000 institutions.

In medical education, Elsevier serves students of medicine, nursing and allied health professions through print and electronic books, as well as electronic solutions. For example, HESI, an online testing and remediation solution designed to help students of nursing and allied health professions, conducted over 700,000 tests in 2014.

Elsevier's database and workflow products provide a range of tools and solutions for professionals in the scientific, technical and medical fields. Customers include academic and corporate researchers, research administrators and healthcare professionals.

For academic and corporate researchers, significant products include Scopus, Reaxys and Knovel. Scopus is the largest abstract and citation database of research literature in the world, with over 56m abstract and bibliographic information records from more than 21,000 peer-reviewed journals and 5,000 international publishers. Reaxys is a leading solution for synthetic chemists, integrating chemical reaction and compound data searching with synthesis planning. Knovel provides a range of web-based productivity tools for the engineering community, integrating technical information with analytics and search to deliver trusted answers and drive innovation.

Elsevier serves academic and government research administrators through its Elsevier Research Intelligence suite of products. Leveraging bibliometric data from Scopus and other data types, SciVal helps institutions to establish, execute and evaluate research strategies. Pure is a comprehensive research information management system which enables evidence-based research management decisions, promotes collaboration, simplifies administration and optimises impact. Our Analytical Services team provides accurate, unbiased analysis on research performance by combining high-quality data sources with technical and research metrics expertise. SciVal Funding assists researchers and institutions in identifying grants that are most relevant in their research areas.

For healthcare professionals, Elsevier develops products to deliver patient-specific solutions at the point of care to improve patient outcomes. Its clinical solutions include ExitCare which provides patient education and discharge information and CPM Resource Center, which provides a data-driven framework to support nurses in undertaking procedures.

Market opportunities

Scientific, technical & medical information markets have good long-term growth characteristics. The importance of research and development to economic performance and competitive positioning is well understood by governments, academic institutions and corporations. This is reflected in the long-term growth in research and development spend and in the number of researchers worldwide. Growth in health markets is driven by ageing populations in developed markets, rising prosperity in developing markets and the increasing focus on improving medical outcomes and efficiency. Given that a significant proportion of scientific research and healthcare is funded directly or indirectly by governments, spending is influenced by governmental budgetary considerations. The commitment to research and health provision does, however, remain high, even in more difficult budgetary environments.

Strategic priorities

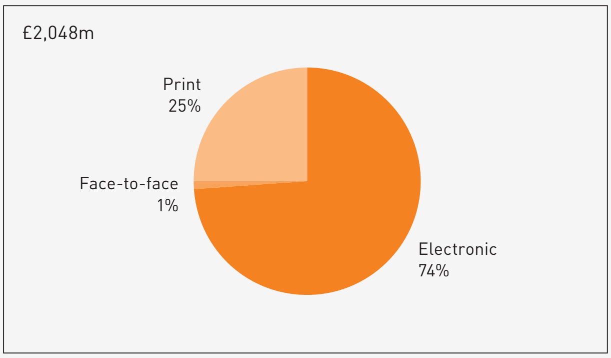
Elsevier's strategic goal is to lead the way in providing information solutions that advance science, technology and health. To achieve this, Elsevier creates solutions that reflect deep insight into the way its users work and the outcomes they are seeking to achieve; strives for excellence in content, service and execution; constantly adapts and revitalises its products, business models and technology; and leverages its institutional skills, assets and resources to promote innovation and efficiency.

Elsevier's strategic priorities are to continue to increase content volume and quality; to expand content coverage, building out integrated solutions combining Elsevier, third-party and customer data; to increase content utility, using "Smart Content" to enable new e-solutions; to combine content with analytics and technology, focused on measurably improving productivity and outcomes for customers; and to continue to drive operational efficiency and effectiveness.

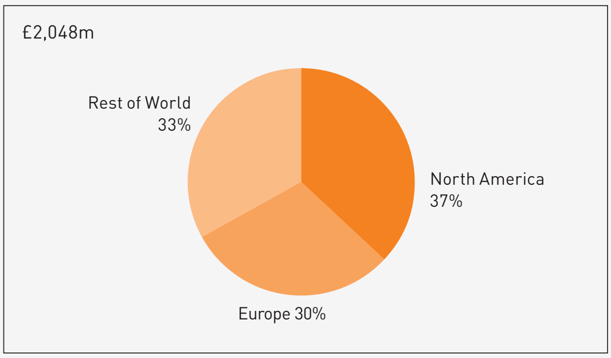
In the primary research market, Elsevier aims to grow volume through new journal launches, expansion of author-pays journals and growth from emerging markets; to enhance quality by building on our premium brands; and to add value to core platforms by implementing new capabilities such as advanced recommendations on ScienceDirect and social collaboration through Mendeley.

In clinical reference markets, priorities are to expand content coverage, including licensing high-quality third-party content for ClinicalKey, as well as ensuring consistent tagging to link content assets across products.

REVENUE BY FORMAT



REVENUE BY GEOGRAPHICAL MARKET



Business model, distribution channels and competition

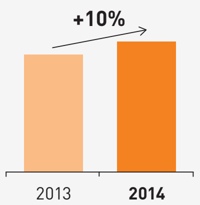
Science and medical research is principally disseminated on a paid subscription basis to the research facilities of academic institutions, government and corporations, and, in the case of medical and healthcare journals, also to individual practitioners and medical society members. For a number of journals, advertising and promotional income represents a small proportion of revenues predominantly from pharmaceutical companies in healthcare titles.

Over the past 15 years alternative payment models for the dissemination of research such as "author-pays" or "author's-funder-pays" have emerged. While it is expected that paid subscription will remain the primary distribution model, Elsevier has long invested in alternative business models to address the needs of customers and researchers. Over 1,600 of Elsevier's journals now offer the option of funding research publishing and distribution via a sponsored article fee. In addition, Elsevier now publishes more than 100 open access journals.

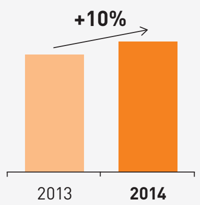
Electronic products, such as ScienceDirect, Scopus and ClinicalKey, are generally sold direct to customers through a dedicated sales force that has offices around the world. Subscription agents facilitate the sales and administrative process for print journals. Books are sold through traditional and online book stores, wholesalers and, particularly in medical and healthcare markets, directly to end users.

Competition within science and medical publishing is generally on a title-by-title and product-by-product basis. Competing journals, books and databases are typically published by learned societies and other professional publishers. Workflow tools face similar competition, as well as from software companies and internal solutions developed by customers.

GROWTH IN FULL TEXT ARTICLE DOWNLOADS



GROWTH IN SUBSCRIPTION JOURNAL ARTICLE SUBMISSIONS



2014 financial performance

	2014 £m	2013 £m	Change	Change at constant currencies	Change underlying
Revenue	**2,048**	2,126	–4%	+1%	+2%
Adjusted operating profit	**762**	787	–3%	+1%	+3%

Key business trends were positive for the year with underlying research subscription revenue growth around half a percentage point ahead of the prior year. Electronic revenues, which now account for around 74% of the total, continued to see good growth across segments.

Underlying revenue growth was +2% and underlying adjusted operating profit growth was +3%. The difference between the reported and underlying growth rates primarily reflects the impact of exchange rate movements.

In primary research, article submissions to subscription journals and usage continued to grow in double digits, and journal quality, as measured by relative impact factor, was maintained. Subscription revenue growth rates were around half a percentage point higher than in the prior year, driven by increased volume and new sales.

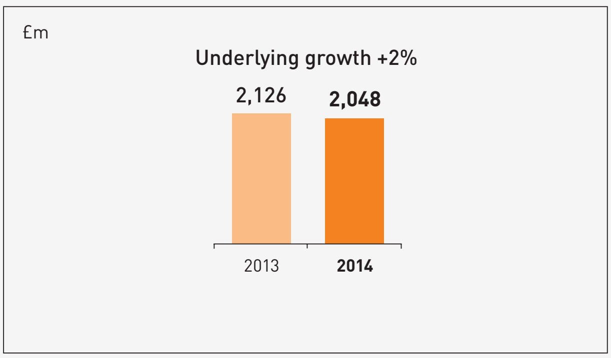
The volume of "author-pays" or "author's-funder-pays" articles grew strongly from a small base. We continued to launch new journals, and now operate over 100 stand-alone author-pays open access journals alongside our sponsored article option in over 1,600 subscription journals.

We saw continued good growth in databases and tools, as well as in electronic reference and education.

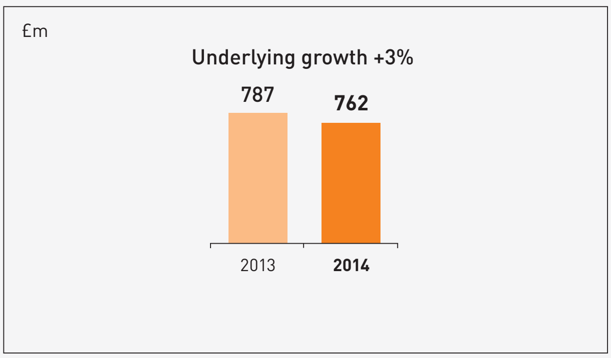
Print book and pharma promotion revenues continued to decline, albeit at a slightly lower rate than in the prior year.

2015 outlook
Our customer environment remains largely unchanged, with last year's trends continuing into 2015. Overall we expect another year of modest underlying revenue growth

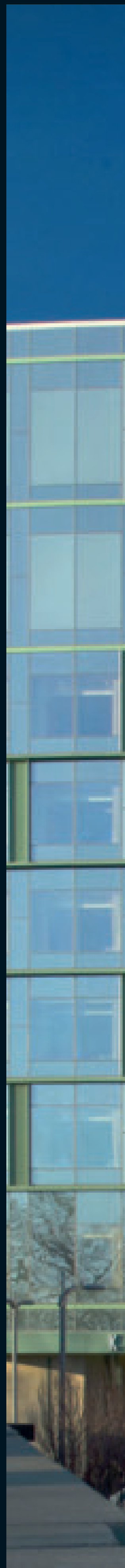
REVENUE



ADJUSTED OPERATING PROFIT



CLINICAL SOLUTIONS: TRANSFORMING CLINICAL PRACTICE TO IMPROVE PATIENT CARE



More than six years ago, The North Shore-Long Island Jewish Health System (NSLIJHS), one of the largest health systems in the US, began a major strategic effort to implement an electronic health record across its multi-hospital enterprise. NHLIJHS sought to "advance clinical practice and use technology to integrate it".

NSLIJHS partnered with Elsevier to equip every care provider with the clinical information and systems support needed to provide superior integrated, interdisciplinary care. With the help of Elsevier's CPM Transformation Services, NSLIJHS embedded CPM's patient-centred care planning and clinical documentation framework into its various electronic health records across a majority of its 18 hospitals in the New York metro region.

CPM Transformation Services enabled NSLIJHS to create a high-quality, transparent, patient-centred care culture, which contributed to it receiving the 2010 National Quality Healthcare Award from the National Quality Forum and the 2013 Human Resource Management Impact Award from the Society for Industrial and Organizational Psychology and the Society for Human Resource Management.

NSLIJHS also utilises Elsevier's ClinicalKey, ExitCare and Revenue Cycle eLearning – all elements of Elsevier's integrated suite of clinical information solutions.

WE MADE IT CLEAR FROM THE BEGINNING THAT OUR PRIMARY FOCUS WAS ABOUT THE PATIENT AND ADVANCING PRACTICE. OUR PARTNERSHIP WITH ELSEVIER HAS BEEN CRITICAL TO INFORMING OUR CARE MODEL AND CREATING AN EVIDENCE-BASED STANDARD ACROSS ALL CLINICAL SETTINGS SO THAT OUR CLINICIANS CAN IMPROVE OUTCOMES FOR OUR PATIENTS.

Maureen White
RN, MBA, NEA-BC, FAAN

Senior Vice President,
Chief Nurse Executive

Syosset Hospital Pain Management team with the prestigious Press Gainey award for customer service

85–95%

AVERAGE PERCENTAGE THAT ELSEVIER CUSTOMERS WITH THE CPM FRAMEWORK OUTPERFORM US CARE MEASURES. THIS INCLUDES SUCCESS IN TREATING CONDITIONS SUCH AS HEART FAILURE AND PNEUMONIA.

Risk & Business Information

In Risk & Business Information, we provide data, analytics and insight that enable customers to evaluate and manage risk. We develop market intelligence, supporting more confident decisions, improving economic outcomes, and enhancing operational efficiency.

From 2014 Risk Solutions and Business Information have been combined into one business area. This union brings together LexisNexis Risk Solutions' proprietary, public and third-party information, advanced technology and analytics, with Reed Business Information's high-value industry critical data services, information and tools as well as conferences, websites and business magazines.

Revenues for the year ended 31 December 2014 were £1,439m. Risk & Business Information has principal operations in Georgia, Florida, Illinois and Ohio in the US and London, Amsterdam and Shanghai. Risk & Business Information has 7,400 employees.

Approximately 73% of revenue in 2014 came from North America, 22% from Europe and 5% from the rest of the world.

Risk & Business Information is organised around market-facing industry/sector groups including insurance, business services, government, healthcare, major data services (including banking, energy and chemicals, human resources) and other leading brands. The largest of these sector groups is insurance.

The identity management and risk evaluation solutions provided by Insurance Solutions, Business Services, Government Solutions and Health Care Solutions utilise comprehensive database platforms of public records and proprietary information with more than two petabytes of unique data, which makes it the largest database of its kind in the US market today. Our market-leading technology enables Risk & Business Information to provide its customers with highly relevant search results swiftly and to create new, low-cost solutions quickly and efficiently. It is also increasingly used across other Group business areas such as Legal and Scientific, Technical & Medical.

Risk & Business Information is focused on developing a pipeline of new solutions to drive growth in existing business segments and selected adjacent markets and geographies.

Insurance Solutions provides a comprehensive combination of data and analytics to personal, commercial and life insurance carriers in the US to improve critical aspects of their business, from customer acquisition and underwriting to claims handling. Information solutions, including the most comprehensive US personal loss history database, C.L.U.E.®, help insurers assess risks and provide important inputs to pricing and underwriting insurance policies. Additional key products include LexisNexis® Data Prefill, which provides critical information on customers, potential customers and their auto, property and life policy information directly into the insurance workflow, and LexisNexis® Current Carrier, which identifies current or previous insurance coverage details as well as any lapses in coverage. Insurance Solutions released new driving behaviour products in four states in 2014. These products aggregate court data within specific states to provide insurers with vital traffic violation information for use in underwriting. In the UK, Insurance Solutions' contributory No Claims Discount (NCD) module, which automates verification of consumers' claims history, has achieved data contribution from over 55% of the UK auto insurance sector in just over a year.

LexisNexis

LexisNexis® Identity Management

Range of solutions to help clients verify that an identity exists and authenticate individuals

ACCUITY

Payment efficiency solutions, AML and KYC services and compliance tools for the banking and corporate sectors worldwide

Flightglobal
AVIATION CONNECTED

Data, news and advisory services for professionals working in the global aviation industry

C.L.U.E.®

Most comprehensive US personal insurance claims database

ICIS

Global provider of news, price benchmarks, data, analytics and research to the energy, chemical and fertiliser industries

LexisNexis® Data Prefill

Tool to automate insurance application process providing critical information insurers need to quote and underwrite a policy

LexisNexis® Revenue Recovery and Discovery

Suite of tools to enable governments to leverage public records and analytics to identify instances of fraud and to more efficiently collect on outstanding debts

LexisNexis® Anti-Money Laundering Solutions

Content and information for anti-money laundering compliance, risk mitigation and enhanced due diligence

In the Insurance business, Risk & Business Information acquired four businesses during 2014. Wunelli is an industry-leading telematics data services company based in the United Kingdom. The combined LexisNexis and Wunelli data sets will result in one of the largest provider-held insurance telematics databases in the world, with solutions to support insurers as they assess risk and discount safer drivers. Risk & Business Information also acquired three US-based businesses to enhance the LexisNexis eCrash solution. iyeTek is an innovative provider of mobile and handheld software solutions, enabling public safety agencies to save time and money and improve services provided to their communities. PoliceReports.US is an online distributor of vehicle accident reports currently in use by 29 states and Coplogic is a leading provider of citizen self-reporting software solutions to law enforcement agencies. In October, a joint venture was signed with Jing You to supply data into the fast-growing auto insurance market in China.

Business Services provides financial institutions with risk management, identity management, fraud detection, credit risk management, and compliance solutions. These include Know Your Customer and Anti-Money Laundering products. The business also provides risk and identity management solutions for corporate customers in retail, telecommunications and utilities sectors. Receivables management solutions help debt recovery professionals in the segmentation, management and collection of consumer and business debt. In 2014, the group substantially advanced its international strategy, with the expansion of its international sales force, launch of a simplified Chinese language version of Bridger Insight® XG, a Bank Secrecy Act and Anti-Money Laundering solution, and the ongoing upgrade of the WorldCompliance heightened risk individuals database.

In Business Services, Risk & Business Information acquired Tracesmart, a United Kingdom-based provider of tracing, identity verification, fraud prevention, anti-money laundering, debt collection and data cleansing solutions. Tracesmart, a leader in identity management and fraud solutions in the UK, is a natural complement to Risk & Business Information's core competencies and brings a robust set of UK public records, allowing Risk & Business Information to extend its capabilities beyond the US in order to serve its customers more fully.

Government Solutions provides data and analytics to US federal, state and local law enforcement and government agencies to help solve criminal and intelligence cases and to identify fraud, waste and abuse in government programmes. The group's Tax Refund Investigative Solution (TRIS), now sold into eight states and the District of Columbia, continues to generate substantial benefits for both clients and taxpayers, with results to date of over $100m in avoided fraud losses.

Health Care Solutions provides identity, fraud and clinical analytics solutions across key stages of the healthcare workflow to enable intelligent decision making for payers and providers.

During the year, the acquisition of Health Market Science, a leading supplier of high-quality data on healthcare professionals and an administrator of one of the largest practitioner-level medical claim databases in the US, was completed.

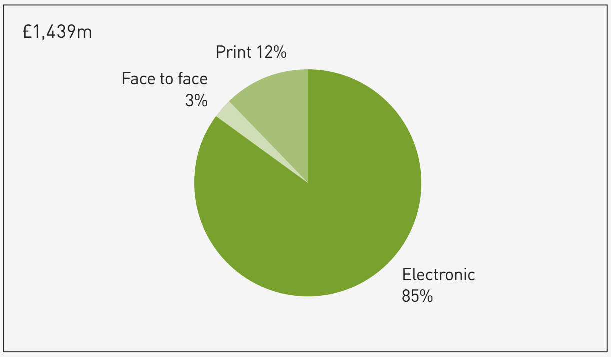
The business also provides risk-related information to the legal industry through LexisNexis Legal & Professional.

Outside of these areas, Risk & Business Information provides information and online data services to business professionals worldwide, with high-value industry critical data services, information and tools as well as producing conferences, websites and business magazines. It has many strong global brands with market-leading positions across a wide range of industry sectors.

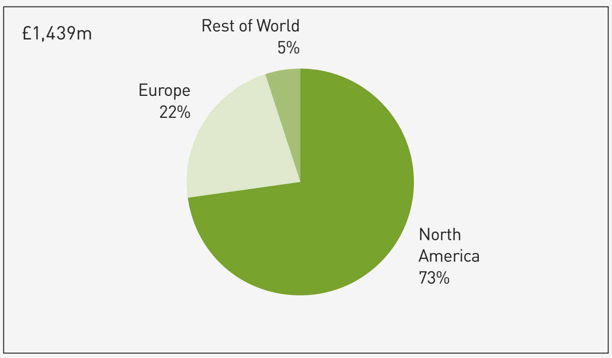
Data Services include: ICIS, an information and data service in chemicals, energy and fertiliser; Accuity, a provider of services and solutions to the banking and corporate sectors focused on payment efficiency, Know Your Customer, Anti-Money Laundering and compliance; and XpertHR, an online service providing regulatory guidance, best practices and tools for HR professionals. During the year, Accuity completed the acquisition of FircoSoft, a leading provider of watch list filtering solutions for financial institutions and corporates. Accuity also launched risk solutions for customers in trade finance.

Leading Brands include Flightglobal, Farmers Weekly, Boerderij, Fiscaal Totaal, Estates Gazette, Elsevier and New Scientist and deliver a mix of high-quality data, workflow tools and high-value news, information and opinion to business professionals across many industry sectors while also providing an effective marketing channel for customers. During the year Flightglobal completed the acquisition of Innovata, a provider of global airline schedule data. Risk & Business Information also acquired Farmade, a UK-based supplier of crop recording, mapping and precision farming workflow tools.

REVENUE BY FORMAT



REVENUE BY GEOGRAPHY



In 2014, Risk & Business Information continued to reshape its portfolio, exiting areas not core to its strategy. As part of this strategy, 51% of Reed Construction Data (RCD), a provider of online construction data and information to the construction industry was divested, and 100% of RS Means, a construction costing service which had previously been a division of RCD. Risk & Business Information also completed its exit from its Marketing Solutions businesses, including the sales of BuyerZone and emedia and one divestment of a portfolio of B2B assets from its Netherlands operation is now also completed.

Market opportunities

Risk & Business Information operates in markets with strong long-term underlying growth drivers with growing demand for high-quality industry data and information and insight including: insurance underwriting transactions; insurance, healthcare, tax and entitlement fraud; credit defaults and financial fraud; regulatory compliance and due diligence requirements surrounding customer enrolment; security and privacy considerations; and data and analytics for the banking, energy and chemicals, human resources and aviation sectors.

In the insurance segment, growth is supported by increasing transactional activity in the auto, property and life insurance markets and the increasing adoption by insurance carriers of more sophisticated data and analytics in the prospecting, underwriting and claims evaluation processes, to assess underwriting risk, increase competitiveness and improve operating cost efficiency. Transactional activity is driven by growth in insurance quoting and policy switching, as consumers seek better policy terms. This activity is stimulated by competition among insurance companies, high levels of carrier advertising, and rising levels of internet quoting and policy binding.

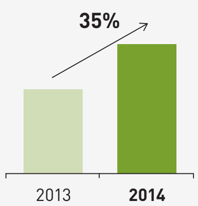
A number of factors support growth in banking and financial services markets, including cross-border payments and trade finance levels, new credit originations, continued high fraud losses, stringent regulatory compliance requirements, and increasing anti-money laundering fines. In receivables management, demand is driven mainly by levels of consumer debt and the prospect of recovering that debt, which is impacted by employment conditions in the US. In corporate markets, demand is supported by growth in online retail sales and continued high levels of credit card fraud. Growth in government markets is driven by the increasing use of data and analytics to combat criminal activity, fraud and tax evasion, and to address security issues. The level and timing of demand in this market is influenced by government funding and revenue considerations. In Health Care, there are numerous growth drivers for fraud and analytics solutions including the expansion of insurance coverage under the Affordable Care Act and the focus on cost containment and better patient outcomes.

Growth in the global energy and chemicals markets is driven by increasing trade and demand for more sophisticated information solutions. Risk & Business Information's aviation information markets are being driven by increases in air traffic and in the number of aircraft transactions.

Strategic priorities

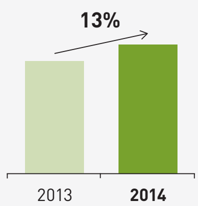
Risk & Business Information's strategic goal is to help businesses and government achieve better outcomes with information and decision support in its individual markets through better understanding of risks associated with individuals, other businesses and transactions. By providing the highest quality industry data and tools, we assist customers in understanding their markets and managing risks efficiently and cost effectively. To achieve this, Risk & Business Information is focused on: delivering innovative new products across customer workflows; expanding the range of risk management solutions across adjacent markets; addressing international opportunities in selected markets to meet local needs; further growing its data services businesses, and continuing to strengthen its content, technology and analytical capabilities.

GROWTH IN PROVIDER DATA RECORDS



Growth in Provider Data Records processed by Healthcare customers driven by increased demand for cost, quality and compliance solutions.

GROWTH IN FLIGHTGLOBAL DATABASE



Flightglobal holds a database of 156,000 minimum connection times between flights at all of the world's major airports.

Business model, distribution channels and competition
Risk & Business Information's products in Insurance, Business Services and Government are for the most part sold directly, with pricing predominantly on a transactional basis for insurance carriers and corporations, and primarily on a subscription basis for government entities.

Data services are typically sold directly on a subscription or transactional basis. Business magazines are mainly distributed on a paid basis. Advertising revenues are sold directly.

Risk & Business Information and Verisk, a competitor, each sell data and analytics solutions to insurance carriers but largely address different activities. Risk & Business Information's principal competitors in business services and government segments include Thomson Reuters and major credit bureaus, which in many cases address different activities in these segments as well.

Risk & Business Information's data services and leading brands compete with a number of information providers on a service and title-by-title basis including: Platts, Thomson Reuters, IHS and Wolters Kluwer as well as many niche and privately owned competitors. Risk & Business Information competes for online advertising with other business-to-business websites, search engines and social media.

Across Risk & Business Information, user and subscription revenues now account for 94% of the total business with the remaining 6% derived from print and online advertising. Electronic revenue streams now account for 85% of total revenue.

2014 financial performance

	2014 £m	2013 £m	Change	Change at constant currencies	Change underlying
Revenue	**1,439**	1,480	–3%	+2%	+6%
Adjusted operating profit	**506**	507	0%	+5%	+6%

Strong underlying revenue growth was driven by volume growth, new product roll-outs and expansion in adjacent segments. Underlying profit growth broadly matched revenue growth reflecting ongoing organic initiatives.

Underlying revenue growth was +6% and underlying adjusted operating profit growth was +6%. The difference between the reported and underlying growth rates reflects the impact of exchange rate movements and portfolio changes.

Strong growth in the insurance segment was driven by solid demand for the US auto underwriting business, good take up of new products and services across the insurance workflow, and expansion in adjacent market verticals. The international initiatives are progressing well.

In Business Services, growth was driven by demand for identity authentication and fraud detection solutions, particularly in the financial services sector.

In Government, the state and local segment continued to achieve strong growth. Federal government revenue trends improved during the year.

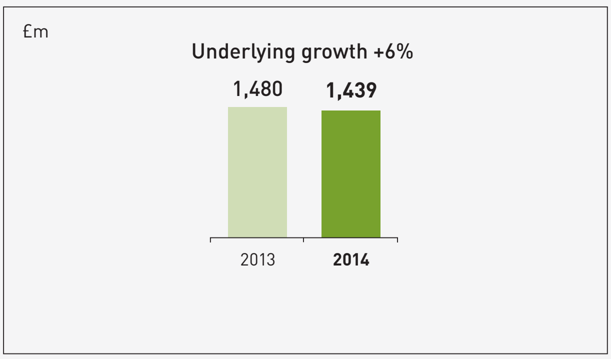
Major Data Services maintained strong underlying revenue growth, driven by Accuity, XpertHR and ICIS, and other magazines and services were stable.

In 2014 we continued to support organic growth through the acquisition of data and analytics assets. In 2014 we completed the acquisition of Innovata, a provider of airline schedule data, Tracesmart, a provider of UK public records, Wunelli, a provider of telematics solutions for the auto industry, FircoSoft, a provider of anti-money laundering solutions for the financial services industry, and Health Market Science, a supplier of high-quality data on healthcare professionals.

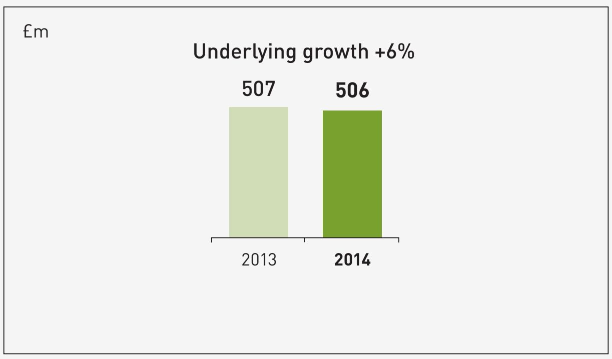
We also exited assets that no longer fit our strategy, including the disposal of several magazines and the spin-off of certain construction industry assets.

2015 outlook
The fundamental growth drivers of Risk & Business Information remain strong. We expect underlying revenue growth trends to continue in 2015.

REVENUE



ADJUSTED OPERATING PROFIT



LEXISNEXIS RISK SOLUTIONS: SAVING LIVES ONE TRAFFIC INCIDENT AT A TIME

BY INTERACTING WITH THE PUBLIC MORE EFFICIENTLY, WE ARE ABLE TO FREE UP MANPOWER AND ASSIGN OFFICERS TO POSITIONS THAT ARE BETTER FOR THE DEPARTMENT AND OUR COMMUNITY. THE IMPROVEMENT IN THE EFFICIENCY OF THE SYSTEM HAS A POSITIVE IMPACT FOR THE AGENCY AS WE ARE CHALLENGED WITH LIMITED RESOURCES.

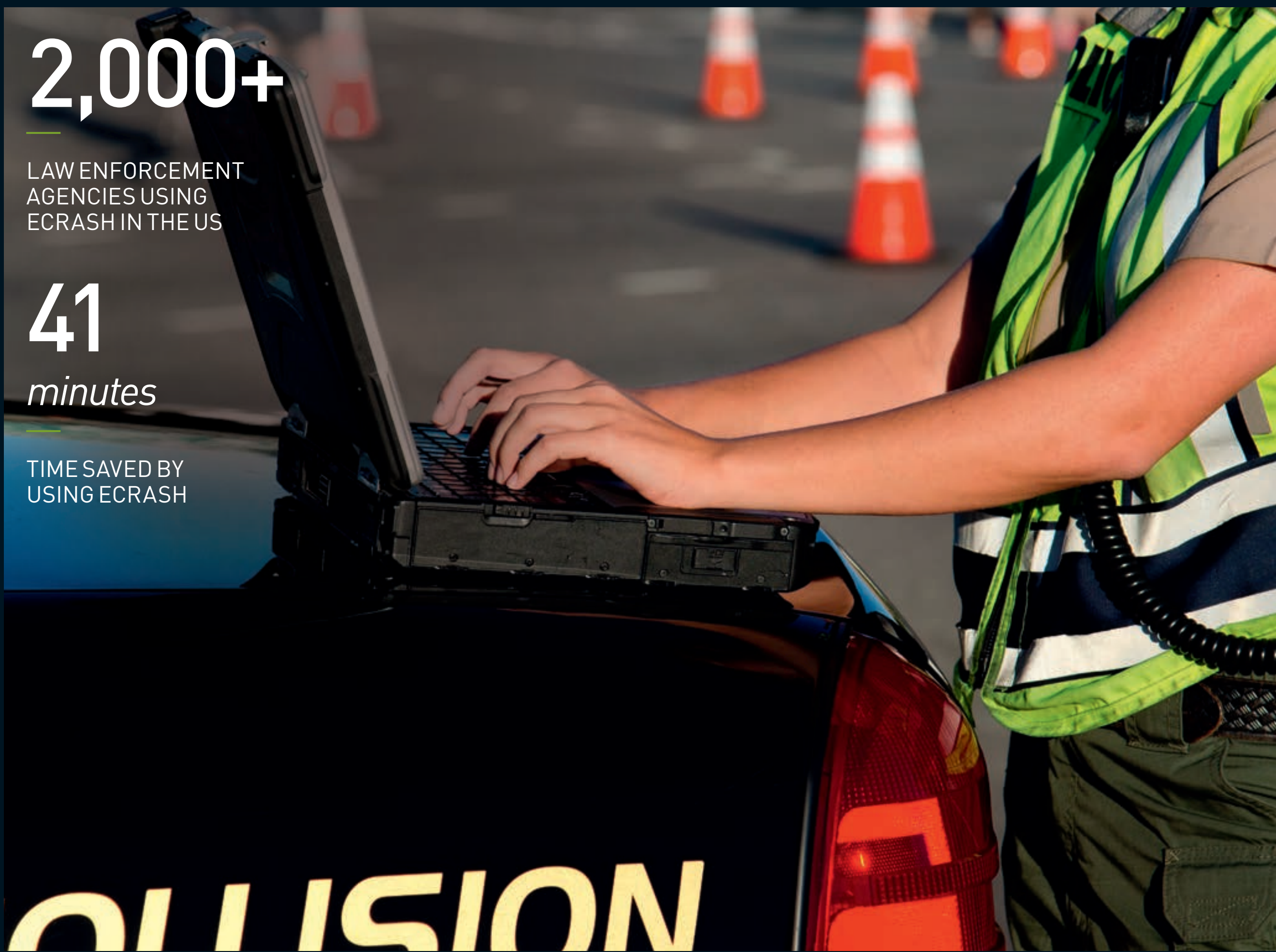
Pete Kassetas

Chief of Police,
New Mexico State Police

More police officers in the US are killed in traffic accidents than are killed by guns. LexisNexis and New Mexico State Police are reducing the toll with a revolutionary electronic application, eCrash.

In 2012, New Mexico was one of the first state police agencies to minimise the manual administrative process associated with accident reporting and fulfilment. By auto-filling information, clearing roads more quickly and sharing reports automatically with state agencies, officers can get back to patrolling the streets and better serving their communities. eCrash can reduce the average time it takes an officer to write a report from 60 minutes down to only 19 minutes. This reduces the time spent in a potentially dangerous environment by 41 minutes.

From all the information gathered electronically, officers can use eCrash provided analytics to evaluate when, where and why accidents occur, further improving traffic safety, reducing injuries and fatalities.



Police officer recording road accident

ACCUITY: ENSURING AN EFFICIENT, COMPLIANT AND COST-EFFECTIVE SOLUTION TO PAYMENT PROCESSING

The Ecobank Group is a full-service bank with operations in 36 countries across Africa. It provides wholesale, retail, investment and transactional banking services to governments, financial institutions, multinationals, local companies, small and medium enterprises, and individuals.

Ecobank needs to ensure its transactions are fast and accurate and it uses Accuity's Global Payment file to achieve this.

Accuity provides solutions to banks and businesses worldwide. Its unmatched data and services deliver optimal payment efficiency, compliant transactions, bank counterparty insight and anti-money laundering screening success.

Accuity's global data ensures that the payments process for companies like Ecobank are efficient, compliant and cost effective.

ACCUITY'S INTEGRATED DATA LINKS INTO OUR CORE BANKING SYSTEMS. THIS MEANS THAT WE CAN PROCESS HUNDREDS OF THOUSANDS OF PAYMENTS ACCURATELY, QUICKLY AND EFFICIENTLY USING THE MOST UP-TO-DATE AND TRUSTED BANKING DATA OUT THERE.

Victor Oyango

Group Manager, Cash Management Operations, Ecobank

Legal

In Legal markets, we are a world-leading provider of legal, regulatory, and news and business information and analysis to law firm, corporate, government and academic customers.

Serving customers in more than 175 countries, LexisNexis Legal & Professional provides resources and services that inform decisions, increase productivity and drive new business.

Revenues for the year ended 31 December 2014 were £1,396m. LexisNexis Legal & Professional is headquartered in New York and has principal operations in the New York area, Ohio and North Carolina in the US, Toronto in Canada, London and Paris in Europe, and cities in several other countries in Africa and Asia Pacific. It has 9,500 employees worldwide. Approximately 66% of revenue by destination in 2014 was derived from North America, 23% from Europe and the remaining 11% from the rest of the world.

LexisNexis Legal & Professional is organised in market-facing groups. These are supported by global shared services organisations providing platform and product development, operational and distribution services, and other support functions.

In North America, electronic information solutions and innovative workflow tools from Research Solutions help legal and business professionals make better informed decisions in the practice of law and in managing their businesses. Flagship products for legal research are Lexis.com and Lexis Advance, which provide federal and state statutes and case law, together with analysis and expert commentaries from sources such as Matthew Bender and Michie and the leading citation service Shepard's, which advises on the continuing relevance of case law precedents. Research solutions also include news and business information, ranging from daily news to company filings, as well as public records information and analytics. LexisNexis also partners with law schools to provide services to students as part of their training.

In 2014, LexisNexis continued to release new versions of Lexis Advance, an innovative web application designed to transform how legal professionals conduct research. Built on an advanced technology platform, Lexis Advance allows primary researchers within legal and professional organisations to find relevant information more easily and efficiently, helping to drive better outcomes. Future releases will continue to expand content and outreach and add new innovative tools. LexisNexis employs lawyers and trained editors with professional legal backgrounds who review, annotate and update the legal content to help ensure each document in the collection is current and comprehensive. This domain expertise combined with the application of the Group's big data HPCC technology means Lexis Nexis is able to update its entire legal collection faster and more efficiently, while also identifying and linking content, enabling customers to uncover previously undiscovered relationships between documents.

LexisNexis®

Lexis® Library
LexisNexis® UK flagship legal online product

Lexis® PSL
LexisNexis® UK legal practical guidance service

Matthew Bender®
Critical analysis, checklists, forms and practice guides authored by industry experts covering over 50 major practice areas

Shepard's® Citations Service
Premier citations service

Law360
Leading legal news provider covering the entire spectrum of practice areas every single business day

Lexis Advance®
New online legal research tool that transforms the way legal professionals conduct research

Lexis Practice Advisor®
New resource that offers guidance to help attorneys handle transactional matters more efficiently and effectively

Lexis®
Unparalleled legal, news and public records content for legal professionals

New workflow and analytical tools and content sets are regularly introduced on Lexis Advance. For example, in 2014 LexisNexis launched LexisNexis Counsel Benchmarking, a new analytics solution that works with Verdict & Settlement Analyzer to inform litigation strategy decisions. Also, LexisNexis launched new modules for Lexis Practice Advisor, a web-based practical guidance product tailored for attorneys who handle transactional matters.

LexisNexis Business & Litigation Software Solutions serves as the software arm for the company. Its business of law software provides law firms with practice management solutions, including time and billing systems, case management, cost recovery and document management services. Its litigation software provides lawyers with a suite of tools covering case preparation to processing and review to trial preparation. During 2014, LexisNexis released multiple new versions for its existing portfolio including CounselLink, PCLaw, Sanction and Firm Manager.

In international markets outside the US, LexisNexis serves legal, corporate, government, accounting and academic markets in Europe, Canada, Africa and Asia Pacific with local and international legal, regulatory and business information. The most significant businesses are in the UK, France, Australia, Canada and South Africa.

LexisNexis focuses on providing customers with leading collections of content and innovative online solutions to help legal and business professionals make better decisions more efficiently. Penetration of online information services has grown strongly and electronic solutions now account for 63% of revenue outside the US.

In the UK, LexisNexis is a leading legal information provider offering an unrivalled collection of primary and secondary legislation, case law, expert commentary, and forms and precedents. Its extensive portfolio includes a number of heritage brands: Halsbury's, Tolleys and Butterworths. The content is delivered through multiple formats – from print to online to mobile apps and embedded in customers' workflow.

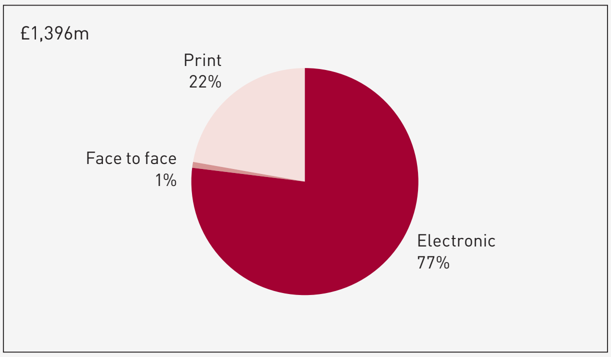
In 2014, LexisNexis launched additional modules for the UK LexisPSL product suite which provides lawyers with a single destination for their practical legal information needs with direct links to the relevant cases, legislation, precedents, forms, practical guidance and expert commentary.

In France, LexisNexis is a leading online provider of information to lawyers, notaries and courts. A heritage brand JurisClasseur and leading authoritative content is provided through multiple formats – lexisnexis.fr, mobile and in print. These content sources are, as in the UK, being combined with new content and innovative workflow tools to develop practical guidance and practice management solutions. In 2014, LexisNexis France continued to enhance Lexis 360, the first semantic search online tool combining legal information, practical content and results from the web by providing tailored solutions for the public sector and the accounting markets.

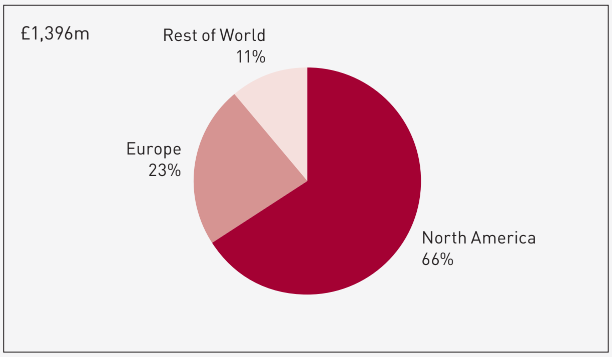
Additional practical guidance solutions were launched in Canada, South Africa and Australia. Following the continued success of Lexis Advance in the US, an Australian version was launched in 2014 and additional international launches are planned.

In 2014, LexisNexis Legal & Professional strengthened its positions in Asia by introducing products created specifically for legal professionals and practitioners, corporate counsels, legal researchers and government institutions in markets including India, China and Japan. New practical guidance offerings are now available in China, Hong Kong and Japan. Also, LexisNexis continued its investment in broadening its core content offerings in India, Singapore and other countries in the region.

REVENUE BY FORMAT



REVENUE BY GEOGRAPHICAL MARKET



Market opportunities

Longer-term growth in legal and regulatory markets worldwide is driven by increasing levels of legislation, regulation, regulatory complexity and litigation, and an increasing number of lawyers. Additional market opportunities are presented by the increasing demand for online information solutions and practice management tools that improve the quality and productivity of research, deliver better legal outcomes, and improve business performance. Notwithstanding this, legal activity and legal information markets are also influenced by economic conditions and corporate activity, as has been seen with the dampening of demand and the subdued environment in North America and Europe in the aftermath of the global recession.

Strategic priorities

LexisNexis Legal & Professional's strategic goal is to enable better legal outcomes and be the leading provider of productivity-enhancing information and information-based workflow solutions in its markets. To achieve this LexisNexis is focused on introducing next generation products and solutions on the global New Lexis platform and infrastructure; leveraging New Lexis globally to continue to drive print to electronic migration and long-term international growth; and upgrading operational infrastructure, improving process efficiency and gradually improving margins.

In the US, LexisNexis' focus is on the continuing development of next generation legal research and practice solutions. It is also conducting a major upgrade in operations infrastructure and customer service and support platforms. This will provide customers with an integrated and superior experience across multiple products and solutions. Over the next few years progressive product introductions, often based on the New Lexis platform, leveraging big data HPCC technology, will combine advanced technology with enriched content, sophisticated analytics and applications to enable LexisNexis' customers to make better legal decisions and drive better outcomes for their organisations and clients.

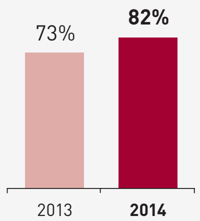
Outside the US, LexisNexis is focused on growing online services and developing further high-quality actionable content and workflow tools, including the continuous development of practical guidance and practice management applications. In 2015, LexisNexis will continue to introduce New Lexis globally. Additionally, LexisNexis is focusing on the expansion of its activities in emerging markets.

Business model, distribution channels and competition

LexisNexis Legal & Professional products and services are generally sold directly to law firms and to corporate, government, accounting and academic customers on a paid subscription basis, with subscriptions with law firms often under multi-year contracts.

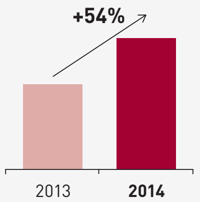
Principal competitors for LexisNexis in US legal markets are West (Thomson Reuters), CCH (Wolters Kluwer) and Bloomberg. In news and business information they are Bloomberg and Factiva (News Corporation). Competitors in litigation solutions also include software companies. Significant international competitors include Thomson Reuters, Wolters Kluwer and Factiva.

LEXIS ADVANCE CUSTOMER PENETRATION



Increasing uptake of next generation legal platform.

MOBILE DOCUMENT ACCESSES



Increasing use of Lexis Advance and lexis.com mobile content.

2014 financial performance

	2014 £m	2013 £m	Change	Change at constant currencies	Change underlying
Revenue	**1,396**	1,567	−11%	−6%	+1%
Adjusted operating profit	**260**	250	+4%	+10%	+6%

Underlying revenue trends remained unchanged in 2014, with subdued market conditions in the US and Europe limiting overall revenue growth. The improvement in profitability reflects a combination of process innovation, infrastructure decommissioning and portfolio reshaping.

Underlying revenue growth was +1% and underlying adjusted operating profit growth was +6%. The difference between the reported and underlying growth rates reflects the impact of exchange rate movements and portfolio changes.

Electronic revenues, which now account for 77% of the total, saw continued growth, partially offset by print declines.

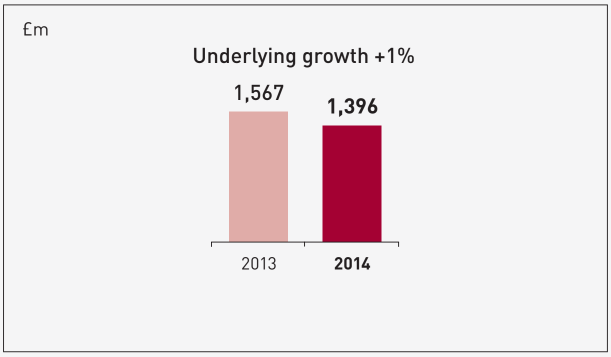
US and European markets remained stable but subdued. In other international markets we continued to see good growth.

The roll-out of new platform releases continued in 2014, and adoption and usage rates for new products and solutions have continued to progress well.

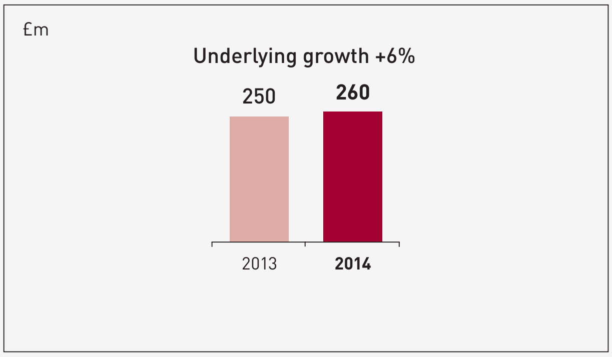
Around one percentage point of the 270 basis points of margin improvement was achieved through organic process innovation and infrastructure decommissioning, with the balance largely reflecting portfolio changes.

2015 outlook
Trends in our major customer markets are unchanged, limiting the scope for underlying revenue growth. We will maintain our focus on process innovation, and expect further improvement in profitability over the medium term, albeit at a modest rate in 2015 following the sharp margin increase in 2014.

REVENUE



ADJUSTED OPERATING PROFIT



LEXISNEXIS DIGITAL LIBRARY: LEGAL INSIGHTS, ANYTIME ANYWHERE

Foley & Lardner, a full-service law firm with 20 offices in the United States and across the globe, serves clients in 49 distinct practice areas within 12 major industry sectors. The firm, which is recognised for its exceptional client service, combines extensive resources with a local focus to deliver seamless business and legal insight.

Foley implemented the LexisNexis Digital Library solution to transform the management of its 40 disparate collections and services across geographies to offer a better user experience and save staff time and operating costs. By centralising its library collection and services into one digital solution, Foley's 850 attorneys now have one single, easy-to-use destination to search and access titles. The eLending capabilities extend to any device – computer, smartphone and tablet. Digital library management and eLending helps Foley's library staff maximise content investments and frees up administrative time so they can better support their attorneys with value-added services.

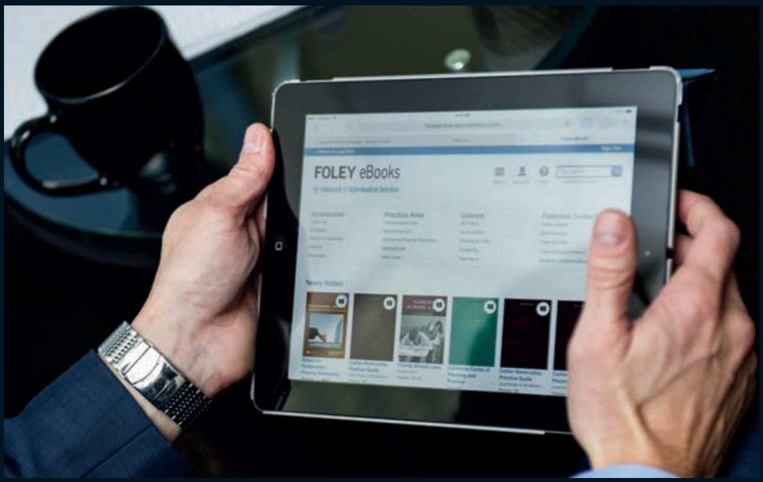
LEXISNEXIS DIGITAL LIBRARY HELPED US CENTRALISE OUR COLLECTION AND ITS ACCESS POINTS, ELIMINATE REDUNDANCIES ACROSS OUR OFFICES, AND REDUCE THE OVERALL RESOURCES NEEDED TO SUPPORT OUR LIBRARY SYSTEM.

Jeffrey A. Bois

Director of Research & Information Services, Foley & Lardner

About LexisNexis Digital Library

LexisNexis Digital Library provides librarians with a user friendly, centralised platform to order titles, supervise lending of all electronic content, and manage their collections—reducing storing, filing and distribution costs. Built in collaboration with Overdrive, its platform is based on an open industry standard, allowing other legal publishers such as the American Bar Association to add their content to the collection.



800,000

Titles

FROM MORE THAN 2,000 PUBLISHERS CAN BE PURCHASED THROUGH LEXISNEXIS DIGITAL LIBRARY.

Exhibitions

We operate the world's leading exhibitions business, with 500 events in over 30 countries.

Reed Exhibitions' portfolio of exhibitions and conferences serves 43 industry sectors across the globe. In 2014, Reed Exhibitions brought together over 7m event participants from around the world, generating billions of dollars of business and facilitating entry into new markets for its customers and boosting the local economies where the events are hosted.

Revenues for the year ended 31 December 2014 were £890m. Reed Exhibitions is a global business headquartered in London and has principal offices in Paris, Vienna, Norwalk (Connecticut), São Paulo, Abu Dhabi, Beijing, Moscow, Tokyo and Sydney. Reed Exhibitions has 3,700 employees worldwide. In 2014, approximately 16% of Exhibitions' revenue came from North America, 47% from Europe and the remaining 37% from the rest of the world on an event location basis.

Reed Exhibitions organises market-leading events which are relevant to industry needs, where participants from around the world meet face-to-face to do business, to network and to learn. Its exhibitions and conferences encompass a wide range of sectors. They include construction, cosmetics, electronics, energy and alternative energy, engineering, entertainment, gifts and jewellery, healthcare, hospitality, interior design, logistics, manufacturing, pharmaceuticals, real estate, recreation, security and safety, transport and travel.

Market opportunities

Growth in the exhibitions market is influenced by both business-to-business marketing spend and business investment. Historically, these have been driven by levels of corporate profitability, which in turn has followed overall growth in GDP. Emerging markets and higher growth sectors provide additional opportunities for Reed Exhibitions. As some events are held other than annually, growth in any one year is affected by the cycle of non-annual exhibitions.

Strategic priorities

Reed Exhibitions' strategic goal is to understand and respond to its customers' evolving needs and objectives better than its competition through deep knowledge of its customers and the markets they serve.

Reed Exhibitions delivers a platform for industry communities to conduct business, to network and to learn through a range of market-leading events in growth sectors, especially in higher growth geographies, enabling exhibitors to target and reach new customers quickly and cost effectively.

Organic growth will be achieved by continuing to generate greater customer value through the intelligent application of customer knowledge, by developing new events, and by building out technology platforms to ensure the rapid deployment of innovation and best practices across the organisation. Reed Exhibitions is also shaping its portfolio through a combination of strategic partnerships and acquisitions in high-growth sectors and geographies as well as by withdrawing from markets and industries with lower long-term growth prospects.

Reed Exhibitions®

Manufacturing World Japan

Manufacturing World Tokyo – Japan's largest trade show for the manufacturing industry

world travel market®

Premier global event for the travel industry

fiac!

International contemporary art fair

mipim® The world's property market

The world's property market

JCK LAS VEGAS

The North American jewellery industry's premier trade event

ALUMINIUM CHINA

Asia's sourcing and networking platform for the complete aluminium industry chain

MECÂNICA WHAT MOVES THE INDUSTRY IS HERE

International machinery trade fair

PAX

Pax Prime – Game festival for tabletop, videogame and PC gamers

Reed Exhibitions is committed to continuously improving customer solutions and experience. By providing a variety of services, including its integrated web platform, the company continues to drive customer satisfaction. Using customer insights, Reed Exhibitions has developed an innovative product offering which enhances the value proposition for exhibitors by broadening their options in terms of the type and location of stand they take and the timing of their commitment to the event.

In 2014 Reed Exhibitions launched 36 new events. These included many events which delivered on the strategy of taking sector expertise, customer relationships and leading brands from one market and extending them into new geographies using local operational capability. Mipim, the leading property show held annually in Cannes, responded to the buoyant UK property market with the launch of an offshoot in London; FIBO China (health and fitness) was launched in Shanghai, building on the successful and long running German event FIBO; and in Singapore, Reed Exhibitions launched an Asian version of Maison&Objet, the leading design-led home and furniture show held twice a year in Paris.

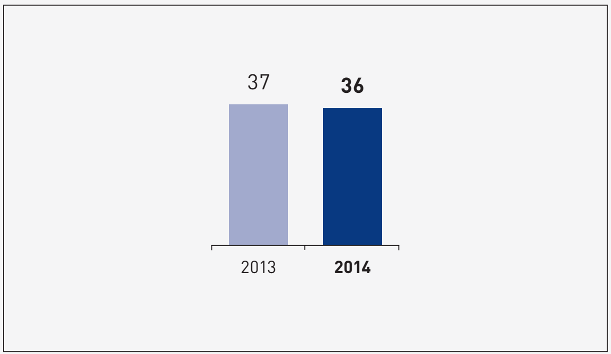
A number of targeted acquisitions and investments were completed during 2014. Increasing its holding in Reed Tüyap gave Reed Exhibitions a strong position in Turkey, and with the acquisition of Fidalex and AFG, Reed Exhibitions achieved market leader status in Mexico. The Mexican acquisitions brought events such as Expo Carga (transport and logistics) and the Beauty Show into its portfolio. In addition, an investment in the Bakery event, serving the bakery and confectionery industry, broadened its footprint in China.

Business model, distribution channels and competition

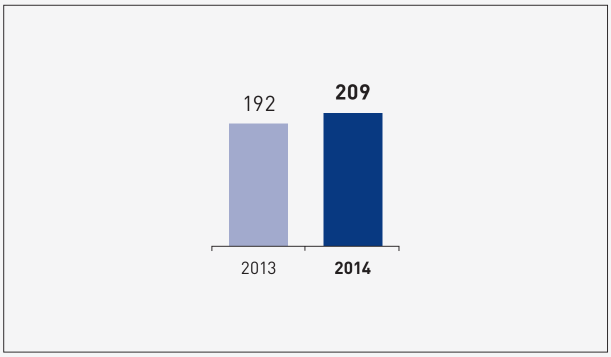
The substantial majority of Reed Exhibitions' revenues are from sales of exhibition space. The balance includes conference fees, online and offline advertising, sponsorship fees and, for some shows, admission charges. Exhibition space is sold directly or through local agents where applicable. Reed Exhibitions often works in collaboration with trade associations, which use the events to promote access for members to domestic and export markets, and with governments, for whom events can provide important support to stimulate foreign investment and promote regional and national enterprise. Increasingly, Reed Exhibitions is offering visitors and exhibitors the opportunity to interact before and after the show through the use of online and mobile tools such as directories and matchmaking.

Reed Exhibitions is the global market leader in a fragmented industry, holding less than a 10% global market share. Other international exhibition organisers include UBM, Informa IIR and some of the larger German Messe, including Messe Frankfurt, Messe Düsseldorf and Messe Munich. Competition also comes from industry trade associations and convention centre and exhibition hall owners.

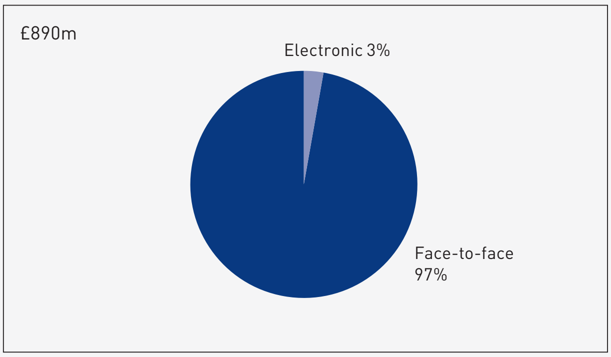
NUMBER OF EVENT LAUNCHES



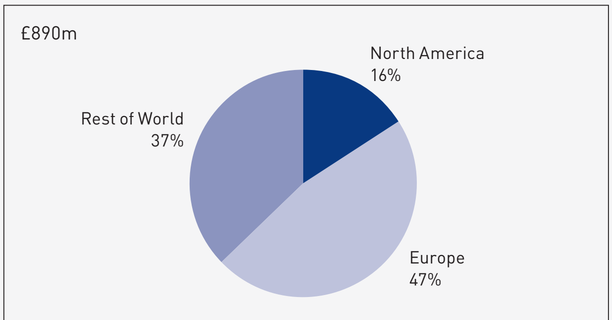
EVENTS IN EMERGING MARKETS



REVENUE BY FORMAT



REVENUE BY GEOGRAPHICAL MARKET*



*On an event location basis.

2014 financial performance

	2014 £m	2013 £m	Change	Change at constant currencies	Change underlying
Revenue	**890**	862	+3%	+11%	+7%*
Adjusted operating profit	**217**	210	+3%	+12%	+9%

* Excluding exhibition cycling. Had cycling effects been included underlying growth would have been +9%.

Exhibitions achieved another year of strong underlying revenue and profit growth, and continued to actively pursue growth opportunities through new launches and small acquisitions.

Underlying revenue growth was +7% and underlying adjusted operating profit growth was +9%. Had the effects of exhibition cycling been included underlying revenue growth would have been around two percentage points higher. The difference between the reported and underlying growth rates primarily reflects the impact of exchange rate movements.

The US and Japan achieved strong growth. In the US, growth reflected strong demand across our broad portfolio of leading events. Strong growth in Japan was driven by new launches and strong demand across our major events.

Europe saw modest growth overall. Domestic markets remained subdued, but international events in the UK and France achieved good growth.

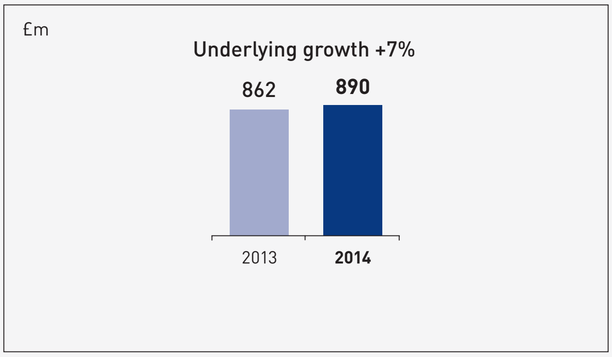
China continued to see strong growth in certain sectors, and moderate growth elsewhere. Revenues in Brazil reflected good growth in some of our leading events, but a slowdown in the wider economy. Most other markets continued to grow strongly.

In 2014 we launched 36 new events and completed several small acquisitions and joint venture investments, primarily in high-growth geographies and sectors.

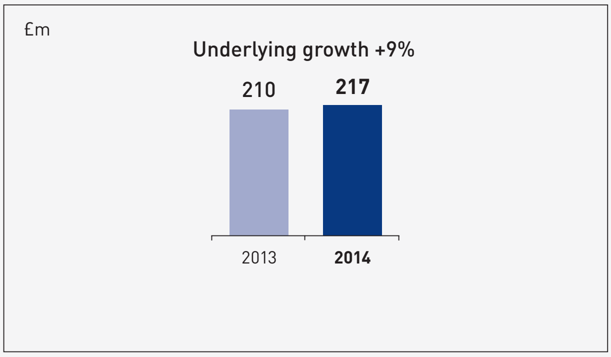
2015 outlook

We expect underlying revenue growth trends to continue, with strong growth in the US and Japan and modest growth in Europe. In other markets the outlook remains strong, albeit slightly below the high levels achieved in recent years. In 2015 we expect cycling out effects to reduce the overall revenue growth rate by three to four percentage points.

REVENUE



ADJUSTED OPERATING PROFIT



IN-COSMETICS: AN AWARD-WINNING GLOBAL BRAND

The leading global business platform for the personal care ingredients industry, in-cosmetics is an outstanding example of Reed Exhibitions' ability to leverage the strength of its brands in new geographies. From a single event in 1990, the in-cosmetics brand has grown to encompass four events across Europe, Asia and Latin America, all delivering access to the very latest cosmetic ingredients and technologies, world-class educational programmes and unrivalled networking opportunities.

In April 2015 in-cosmetics celebrates its 25th anniversary in Barcelona, marking a major milestone in the show's history. Staged each spring in a major European city, the flagship global event has played a dynamic role in helping to shape the landscape of the personal care ingredients industry as the annual launch pad for new products, and set the standard for in-cosmetics events around the world. in-cosmetics Asia was launched in 2008 and has quickly grown to become the largest pan-Asian personal care ingredients event.

The first in-cosmetics Brazil took place in São Paulo in September 2014 and in June 2015 in-cosmetics makes its debut in South Korea, Asia's third largest cosmetics market. The combined portfolio has achieved double digit revenue growth year-on-year for the last five years. Reflecting the strength of the brand, in-cosmetics scooped two awards at the AEO (Association of Exhibition Organisers) Excellence Awards 2014, taking the top spot for 'Best Overseas Tradeshow Exhibition' and 'Best Tradeshow Exhibition Overall'.

THE SHOW HAS BEEN VERY SUCCESSFUL AND EXTREMELY BUSY. IN-COSMETICS SETS THE INDUSTRY STANDARD FOR OTHER EXHIBITIONS AND MOST OF OUR CUSTOMERS HAVE BEEN HERE, BIG AND SMALL. IT'S A GOOD WAY TO MEET PEOPLE FROM ALL OVER THE WORLD, NOT JUST EUROPE BUT PEOPLE FROM COUNTRIES SUCH AS BRAZIL AND CHINA. IN THREE DAYS YOU CAN MEET MORE PEOPLE THAN YOU COULD IN SIX MONTHS OF TRAVELLING AND THE INTERACTION IS BETTER FACE TO FACE.

Dr Thomas Satzinger

Director, Global Marketing, Evonik Industries

Corporate responsibility

The Corporate Responsibility Report is an integral part of our Annual Reports and Financial Statements. This section highlights progress on our 2014 corporate responsibility objectives. You can read the full 2014 Corporate Responsibility Report at www.relxgroup.com/go/CRReport

Corporate responsibility

Corporate responsibility ensures good management of risks and opportunities, helps us attract and retain the best people, and strengthens our corporate reputation. It means performing to the highest commercial and ethical standards and channelling our knowledge and strengths, as global leaders in our industries, to make a difference to society.

Consistent engagement with stakeholders, including shareholders, employees, governments and communities where we operate, helps us determine material corporate responsibility issues. The Boards of Directors, senior management and the Corporate Responsibility Forum oversee corresponding objectives and monitor performance against them.

We concentrate on the contributions we make as a business and on good management of the material areas that affect all companies:

1. **Our unique contributions**
2. **Governance**
3. **People**
4. **Customers**
5. **Community**
6. **Supply chain**
7. **Environment**

1. Our unique contributions

We focus on areas where we can make a positive impact on society through our unique knowledge, resources, and skills including universal sustainable access to information, advance of science and health, protection of society and promotion of the rule of law and justice.

Scientific, Technical & Medical
Elsevier, the world's leading provider of scientific, technical and medical information, plays an important role in advancing human welfare and economic progress through its science and health information, which spurs innovation and enables critical decision making. To broaden access to its content, Elsevier supports programmes where resources are often scarce. Among them is Research4Life, a partnership with United Nations agencies and other publishers; we provide core and cutting-edge scientific information to researchers in more than 100 developing countries. As a founding partner, we contribute over a quarter of the material available in Research4Life, encompassing all ScienceDirect content, including more than 3,000 Elsevier journals and nearly 13,000 books. In 2014, there were more than 3.9m Research4Life article downloads from ScienceDirect. In the year, Elsevier collaborated with the World Bank to examine research trends across Africa to help countries understand how to invest in science, technology, engineering and mathematics research in order to advance competitiveness, independence and cooperation. The findings show that while international collaboration is high, more engagement among African countries will benefit the continent overall.

Risk & Business Information
Risk & Business Information tools and resources help protect society. During the year, it enhanced its eCrash solution, which aids law enforcement professionals by automating vehicle crash reporting from initial data capture to report distribution. Through the 2014 acquisition of Coplogic, eCrash now has a citizen incident reporting capability, eliminating the need to dispatch officers to minor incidents. This will allow forces to allocate resources to more serious issues, potentially saving lives – more US law enforcement officers died in traffic-related accidents than from gun crime (2010). Risk & Business Information employees created the Automated Delivery of Alerts on Missing Children (ADAM) programme, which assists in the safe recovery of missing children. Since launching in 2000, 142 children have been located, including three in 2014. It also uses the power of its brands to aid communities. In 2014, to help young farmers, the business unit's Farmers Weekly title hosted its annual business event, Fertile Minds. 150 farmers in the early stages of their careers heard presentations by entrepreneurs and industry experts on jobs, wages, benefits, work load and also had the chance to address the UK's Farming Minister.

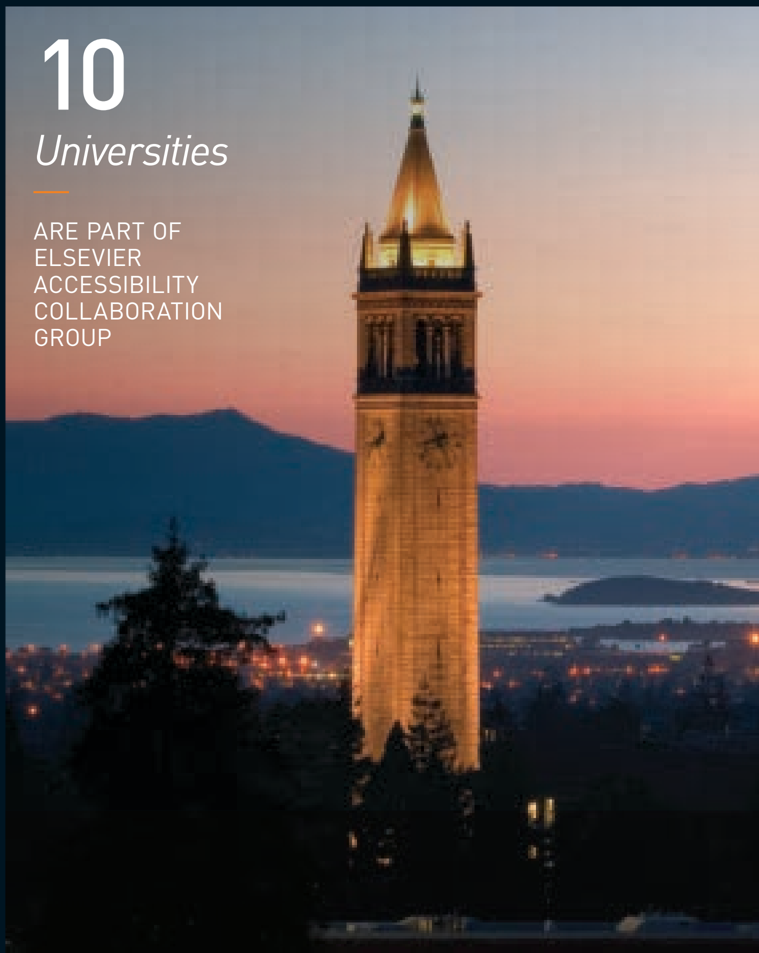
PRIORITISING ACCESSIBILITY AT SCIENCEDIRECT, THE WORLD'S LARGEST SCIENTIFIC DATABASE

Investment in accessibility at ScienceDirect – Elsevier's full text scientific database, with articles from more than 2,500 active journals and chapters from nearly 20,000 books – makes it possible for customers with disabilities to access content more quickly and easily.

Over the last three years, Elsevier has collaborated with ten university leaders in assistive technology and accessibility to translate best practice into improvements of its flagship product, ScienceDirect. The result is improved visibility for all users.

Among resulting upgrades are fewer links on search results and journal home pages, making it simpler for those using screen readers to load, navigate and understand the relevant pages. There are also 'ARIA' landmarks allowing screen readers to bring up main page regions enhanced to help users understand page composition and facilitate skipping to key sections.

In a survey undertaken by the Publishers Accessibility Action Group released in 2014, Elsevier was judged to have "the broadest range of tests encompassing screenreaders, keyboard only operation, and screen enlargement" and was also cited for providing captions for all images.



University of California, Berkeley, one of the participating universities

THE WAY WE DEVELOP SCIENCEDIRECT DEMONSTRATES THAT WE ARE SERIOUS ABOUT MAKING OUR PRODUCTS ACCESSIBLE FOR EVERYONE REGARDLESS OF ABILITY.

Ammy Vogtländer

Vice President, ScienceDirect Product Management, Elsevier

Lucy Greco, a member of the Elsevier Accessibility Collaboration Group who is visually impaired, demonstrates the accessibility features of ScienceDirect, at our 2014 CR Forum Stakeholder Session

Legal

LexisNexis Legal & Professional promotes justice through its products and services. In 2014, it partnered with the UK National Archives on Big Data for Law to provide new open data, tools and research methodologies to more easily maintain and interpret vast amounts of current legislation. It launched a free iPhone app, My Legal Places, which locates UK police stations, courts, citizen advice bureaus and community legal offices to support access to justice. It also released Dressed to Kill, a report examining the cotton industry and human trafficking undertaken in conjunction with STOP THE TRAFFIK. The report measures media coverage of both fashion and human trafficking to highlight key issues and ways participants in the global cotton supply chain are working to prevent trafficking through campaign-driven community action.

Exhibitions

Reed Exhibitions' trade shows provide platforms for supporting our corporate responsibility focus areas. At the start of 2014, Comic Con New York, which attracted 151,000 attendees, joined the Comic Book Legal Defense Fund, a non-profit organisation protecting the rights of comics artists, publishers, retailers, librarians and fans. During the year, to support the development of the event management industry in China, launched a new annual scholarship programme benefitting 50 university students studying relevant subjects. Its South African office won a 2014 Corporate Social Responsibility Award from Media 24 for its support of indigenous communities.

Across the Group

In 2014, we helped advance Business for the Rule of Law, a global initiative led by the UN Global Compact with the support of other organisations including the Atlantic Council, the World Justice Project and the International Chamber of Commerce. Key developments in the year include the creation of a Steering Group and the start of international consultation on a formal framework to be launched in 2015 focused on actions, practical examples and interactive technology to promote corporate support for the rule of law around the world.

During the year we began working with Oxfam on Raising Her Voice to strengthen women's rights in Nepal. We have supported efforts to develop 90 community discussion groups across districts in the country's midwest region. The groups aim to empower women, helping them develop action plans to address personal, family and community challenges, while training for men aims to increase awareness of gender equality. We are providing access to content in health, water, sanitation, education and forestry use. Our partnership has also broadened to include assistance with Oxfam's Action4Justice project, an online legal information platform to facilitate cases that promote positive social change, in collaboration with Greenpeace, Transparency International and Avocats Sans Frontières.

2014 OBJECTIVES	Progress
Partner with United Nations Global Compact to refine and launch stakeholder consultation on Business for the Rule of Law	▪ Steering group formed; global consultation on framework under way ▪ Shared case studies highlighting our support for the rule of law as a foundation for an 'example hub'
Develop media and/or academic partnership to further awareness and engagement with the Environmental Challenge	▪ Media partnership with a UK national newspaper ▪ New links with university hydrologic science network
Collaboration with Oxfam to advance Raising Her Voice women's rights programme in Nepal	▪ Supporting community discussion groups with health, water, sanitation, education and forestry use content ▪ Pro bono support for other projects including Action4Justice platform

2015 OBJECTIVES

- Support the development and release of Business for the Rule of Law framework
- Power of Research: five-year Environmental Challenge collaboration project
- Big Data for Good: explore project to find missing children in Europe

2. Governance

The Group's Code of Ethics and Business Conduct (the Code) is disseminated to every employee and sets the standards for our corporate and individual conduct. The Code has been updated for release during the first half of 2015. The revised Code describes our social media policy and includes learning aids, increased interactivity and streamlined wording. Among other topics, the Code addresses fair competition, anti-bribery, conflicts of interest, employment practices, data protection and appropriate use of company property and information. It also encourages reporting of violations – with an anonymous reporting option – and prohibits retaliation. It makes clear our commitment to human rights, incorporating the principles of the United Nations Global Compact (UNGC). In accordance with the UN's Guiding Principles on Business and Human Rights, we have considered where and how we operate and have concluded that there is low human rights risk in our direct employment activities (for more information on human rights see Supply Chain).

All employees complete training on the Code, as part of their new hire induction and at regular intervals, to ensure their understanding and acknowledgement of the Code. In 2014, NYSE Governance Services ranked our Code among the top 10% of more than 2,500 codes it has evaluated.

We also provide mandatory online training on anti-bribery, competition laws, protecting data and preventing workplace harassment, supplemented by in-person training for higher-risk roles. We routinely issue computer-based training on these same topics to new employees. We achieve 100% completion rates for all courses within four months of issuance.

In 2014, we remained diligent in our ongoing efforts to ensure compliance with applicable bribery laws. We improved processes to ensure compliance with sanctions laws and are updating relevant policy and compliance tools. We also released new Privacy Principles setting out our approach to data protection and privacy.

As a signatory to the UNGC and its principles, encompassing labour, environment, anti-corruption, as well as human rights, we demonstrated leadership in 2014 by serving on the UNGC Advisory Group for the UK and the UNGC Supply Chain and Caring for Climate Advisory Groups. We were also on the board of the Alliance for Water Stewardship. UNGC peers judged our 2014 Communication on Progress, required of signatories each year, to have attained Advanced Level. In the year, we served on the UN Secretary General's legal taskforce helping to consider post-2015 sustainable development goals.

2014 OBJECTIVES	Progress
Implement updated corporate governance policies	▪ Operating and Governance Principles reviewed by cross-functional team
Conduct a review and refresh of the Group's Code of Ethics and Business Conduct	▪ Compliance Committee review completed, with Board review pending ▪ Enhancements include streamlined language; reference to social media; and more learning aids and interactivity
Evaluate the Company's Export and Trade Controls Policy and compliance efforts	▪ Designees appointed for each business; strengthening controls as appropriate ▪ Global policy updated for issuance in early 2015

2015 OBJECTIVES

- Establish common approach to development and management of corporate policies
- New communication campaigns to supplement formal compliance training
- Continue to enhance trade sanctions and export controls compliance procedures and tools

3. People

Our 28,500 people are our strength. Our workforce is 53% female and 47% male, with an average length of service of eight years. There were 44% female and 56% male managers, and 29% female and 71% male senior operational managers.

	Female		Male	
Board of directors	3	30%	7	70%
Senior operational managers*	121	29%	300	71%
All employees**	15,100	53%	13,400	47%

* Senior operational managers are defined as those managers up to and including three reporting lines from the CEO
** Full time equivalent

The Group's Nominations Committee considers the knowledge, experience and background of individual Board Directors. At year end 2014, women made up 30% of the members of the Reed Elsevier NV Board and 22% of the members of the Reed Elsevier PLC Board. The two Executive Directors on the Board are male.

The Group's Diversity and Inclusion (D&I) Statement (www.relxgroup.com/go/Diversity), articulates our commitment to a diverse workforce and environment that respects individuals and their contributions, regardless of gender, race or other characteristics. Our D&I Strategy is focused on translating the Statement into practical action. Among its commitments is maintaining a D&I Advisory Group composed of a senior business and HR leader from each business unit, supported by a broader D&I Working Group. We encourage both affinity groups, such as women's forums, which provide support and mentoring, and community involvement.

During 2014, we took steps to develop inclusive leadership as a core management competency engaging our heads of talent to ensure it is incorporated in manager training. We reviewed our Business Leadership Programme course syllabus for up and coming leaders to ensure it contains relevant themes. In the year, we joined Business in the Community's Opportunity Now initiative to tap into additional D&I expertise, shared with our D&I networks.

In 2014, CEO Erik Engstrom signed the Women's Empowerment Principles, a UN Global Compact and UN Women initiative, which aim to help companies empower women and promote gender equality. In the year, we created a template for reviewing our existing practices relative to the Principles.

Our employees have the right to a healthy and safe workplace as outlined in the Group's Global Health and Safety Policy. We concentrate on areas of greatest risk, for example, warehouses, events and exhibitions. However, as a primarily office-based company, our key impact areas are manual handling, slips, trips and falls. To reduce our severity rate (lost days per 200,000 hours worked), we conduct risk assessments, and work with a third party in the US to assign a nurse case manager to each complex or severe claim. The number of lost time reportable cases decreased in the year (23 in 2014 vs 31 in 2013).

In the US, where we have our largest concentration of employees, the REACH programme promotes workplace wellbeing through health screenings, online assessments, stress awareness training and weight loss and smoking cessation courses, with financial incentives for participation. In 2014, we continued our US health coach programme which provides personalised support to all staff. 1,530 employees worked with a coach to help with issues related to diet, exercise and smoking; 3,071 calls were made to CareConnect, our health concierge service.

Our annual re:fit2win global wellbeing competition encourages employees to establish fitness teams to compete for cash prizes for charities of their choice. Across the Group, 79 teams took part and ran, walked, cycled and swam a total of 89,195 miles/ 143,545 kilometres, with a 22% increase in the number of participants over 2013.

2014 OBJECTIVES	Progress
Sign up to the UN Women's Empowerment Principles; review practice relative to Principles	▪ Signed ▪ Tool created to measure business alignment; reviews under way
Develop inclusive leadership as a core management competency	▪ Heads of talent engaged ▪ Review of Business Leadership Programme syllabus to identify inclusive leadership themes
10% increase in re:fit2win participants	▪ 22% increase in employees participating

2015 OBJECTIVES

- Map internal practice against the UN Women's Empowerment Principles
- Embed inclusive leadership as a core management competency
- Targeted wellness campaign focused on avoiding/managing diabetes

ENVIRONMENTAL CHALLENGE: ADVANCING ACCESS TO SAFE WATER AND SANITATION

THE GROUP PRIZE WILL ALLOW US TO SCALE AND REACH THOUSANDS OF GUATEMALAN FAMILIES.

Philip Wilson

Ecofiltro, second prize winner, 2014 Reed Elsevier Environmental Challenge

The Group Environmental Challenge advances sustainable access to safe water and sanitation where it is presently at risk. Projects must be innovative, scalable, involve local communities, and address issues such as health, education and non-discrimination.

The $50,000 2014 first prize winner was Sustainable Sanitation Design (Susan Design), an NGO which will bring 10,000 households in Uganda its low-cost, unisex urinal featuring a safe organic fertiliser recovery system.

The $25,000 2014 second prize winner was Ecofiltro, a social enterprise company working to provide thousands of families in Guatemala with new ceramic disk filters that remove bacteria and other harmful agents from potable water.

The $15,000 WASH Alliance prize winner was the Stanford Program on Water, Health and Development which will install automated chlorine dosing systems at shared water points in Bangladesh used by 2,000 families. The WASH Alliance is a consortium of six Dutch NGOs promoting hygienic use of sustainable water and sanitation.

Susan Design supported Ugandan farmer and his sustainably fertilised pineapple field

4. Customers

In 2014, we surveyed over 450,000 customers through Net Promoter Score (measuring customer loyalty) and business dashboard programmes. This allows us to deepen our understanding of their needs and further drives forward a customer-centric culture across the Group. Results, reviewed by the CEO and senior operational managers and communicated to staff, highlight where we are doing well and where we must do better. To aid colleagues who work with customers, during the year we continued to incorporate CR into customer-facing staff training with outreach to key sales and marketing teams. We updated our intranet resource, CR as a Sales Tool; created a CR fast facts document distributed across the business; and developed new CR Sales Academy content.

In the year, we translated the Group's Editorial Policy into 12 languages. The Policy commits us to producing information of the highest quality and encompasses, among other key issues, producing content that is accurate, clear, timely, avoids bias, defamation, conflict of interest, plagiarism and makes a distinction between editorial and advertising. In 2014, we also created and rolled out an Editorial Policy for Suppliers and launched Quality First Principles with a message to all employees from the Chief Legal Officer and Company Secretary. More than 100 employees and other stakeholders helped develop the Principles, and a new Quality First Working Group has been formed.

We are committed to improving access to our products and services for all users, regardless of physical ability. Our Accessibility Policy – developed in 2013 to lead the industry in providing accessibility solutions to customers with products that are operable, understandable and robust – was disseminated to all employees by the Chief Strategy Officer at the start of 2014. In the year, 33 key product sites were reviewed, and accessibility challenges and opportunities were the theme of the 2014 CR Forum Stakeholder session; participants included a corporate peer responsible for accessibility, a member of Elsevier's Accessibility and Usability Collaboration Group, who herself is a blind user, the founder of a disability NGO and the leader of our Accessibility Working Group. The session was webcast to a live audience and made available on the corporate intranet for all employees. In 2014, members of the Accessibility Working Group logged over 100 accessibility projects and Elsevier's Global Books Digital Archive fulfilled more than 4,500 disability requests, 60% of them through AccessText.org, a service it helped establish.

2014 OBJECTIVES	Progress
Roll out translations of the Group's Editorial Policy; launch related Data Quality Standards	▪ Editorial Policy translated into 12 languages; Editorial Policy for Suppliers created and rolled out ▪ Launched the Group's Quality First Principles with global email from Henry Udow, Chief Legal Officer and Company Secretary
Create CR 'blueprint' to help sales staff enhance their customer conversations; put CR on the agenda at five sales conferences	▪ CR fast facts document created and promoted across the company ▪ CR as a Sales Tool sessions delivered to more than five sales teams across the Group
Embed Accessibility Policy and conduct accessibility review of at least 10 key product sites	▪ Accessibility Policy launched in January by Kumsal Bayazit, Chief Strategy Officer ▪ 33 product sites reviewed

2015 OBJECTIVES

- Conduct 10 Quality First Principles risk assessments
- Customer engagement: sharing our CR expertise webinar series
- Develop baseline tool to determine accessibility requirements for new and existing sites

5. Community

RE Cares, our global community programme, promotes education for disadvantaged young people that advances one or more of our unique contributions as a business, and allows staff up to two days' paid leave per year for their own community work. We donated £3.4m in cash (including through matching gifts) and the equivalent of £2.6m in products, services and staff time in 2014. 32% of employees were engaged in volunteering through RE Cares and we reached nearly 34,000 disadvantaged young people through time, in-kind and cash donations. In the year, we expanded our RE Cares Champions network with 21 new Champions (190 in total) covering 19 offices; we also created an induction programme to help them plan activities and engage staff. In 2014, we increased volunteering in company time by 6%.

Each September, we hold RE Cares Month to celebrate our community activities and in 2014, over 50% of the Group's locations around the world took part. Among them, LexisNexis Legal & Professional in New York helped organise a children's library for Books for Kids, while their counterparts in South Africa engaged senior leaders in cycling over 200km to raise funds for three charities in Johannesburg, Durban and Cape Town.

During RE Cares Month, we held our annual global book drive yielding nearly 11,000 books for local and developing world readers, and announced the winners of the fourth Recognising Those Who Care Awards to highlight the contributions to RE Cares of eight individuals and four RE Cares teams. Individual winners from across the business travelled to Cameroon with Book Aid International, a charity partner for more than 10 years, which provides books and library support services to 12 countries in sub-Saharan Africa. The trip was led by Youngsuk 'YS' Chi, RELX Group Director of Corporate Affairs. Among the teams winning for exceptional community engagement were Risk & Business Information Skokie, Illinois which organised 29 volunteer programmes over one year and Reed Exhibitions Norwalk, Connecticut which volunteered more than 500 hours in the same period.

2014 OBJECTIVES	Progress
Increase use of two days' volunteering by 10%	▪ 6% increase achieved
Expand RE Cares Champions network and create new induction programme	▪ 21 new Champions recruited ▪ Induction programme developed with new tools including an introductory webinar and handbook

2015 OBJECTIVES

- 60% of locations taking part in RE Cares Month
- Develop RE Cares impact measurement tool

6. Supply chain

We require our suppliers to meet the high standards we set for ourselves. Our Supplier Code of Conduct stipulates adherence to all laws and best practice in areas such as human rights, labour and the environment. Through our Socially Responsible Supplier (SRS) database, in 2014, we tracked 499 critical, preferred and strategic suppliers, and those we deem high risk according to the Carnstone Supplier Risk Tool developed for the Group which incorporates eight indicators, including human trafficking information from the US State Department and Environmental Performance Index results produced by Yale and Columbia universities. The tracking list changes year-on-year based on the number of suppliers we do business with who meet the required criteria. We started 2014 with 57% of suppliers on the SRS tracking list as signatories to the Supplier Code and reached 84% by year end (2% of the total are suppliers which have provided internal codes, which we believe to be a stringent as our own, in lieu). We have embedded signing the Supplier Code into our e-sourcing tool as a criterion for doing business with us, and have an additional 1,885 supplier signatories.

Specialist supply chain auditors, Intertek, undertook 56 external audits of high-risk suppliers, using their comprehensive Workplace Conditions Assessment template. Any incidence of non-compliance identified in the audit process triggers a corrective action plan agreed with the supplier, with remediation required on all issues.

We implemented our new US Supplier Diversity programme in 2014, which invites tenders from diverse suppliers, and all relevant staff received training. The programme provides suppliers with feedback after competitive bidding and opportunities for development, while an improved diverse supplier tracking system is helping us understand how we are doing in this area.

2014 OBJECTIVES	Progress
Supplier Code of Conduct incorporated into terms and conditions of purchase orders	▪ Incorporated into nearly 28,000 purchase orders, valued at over $500m
Expand use of new Workplace Conditions Assessment tool to enhance high-risk supplier audits	▪ 56 Workplace Conditions Assessment audits completed
Implement new US Supplier Diversity programme	▪ Programme launched encompassing internal training for procurement staff ▪ Number of opportunities and business awarded tracked

2015 OBJECTIVES

- Increase core suppliers as signatories to the Code
- Enhance external Workplace Conditions Assessment tool with external review of Corrective Action Plan fulfilment
- Advance US Supplier Diversity and Inclusion programme

7. Environment

Our environmental targets reflect our performance and focus areas and can be found, along with full details, in the 2014 Corporate Responsibility Report at www.relxgroup.com/go/CRReport.

In 2014, we purchased 46% of our electricity from renewable energy and renewable energy certificates, and were ranked among the top FTSE 350 companies for disclosure in the 2014 CDP Leadership Index, representing 767 investors with assets of $92,000bn. The Group received an A grade in CDP's Global Performance Leadership Index.

Our Environmental Champions network, employee-led Green Teams, and engagement through networks such as Publishers database for Responsible Ethical Paper Sourcing, inform how we address our environmental impacts. Our Environmental Standards programme sets benchmark performance levels and inspires green competition among offices. In 2014, 81 sites (72% of key locations) achieved five or more standards and attained green status. The Chief Financial Officer wrote to all staff recognising their achievements on World Environment Day and also identified Green Heroes across the company, nominated by their peers for their environmental efforts. New in 2014, Green Teams submitted environmental project ideas to engage staff; winners received funding to carry out their plans. The overall winner of the individual category chose to join a research expedition with Earthwatch in Malawi.

We have a positive environmental impact through our environmental publications and services which spread good practice, encourage debate and aid researchers and decision makers. The most recent results from independent Market Analysis System show our share of citations in environmental science represented 40% of the total market, and 79% in energy and fuels. In the year, we continued to map the range of our environmental products and services, covering some 400 products on areas such as ocean and coastal management, forestry, environmental law and waste management, and trade shows on environmental engineering, renewable energy and water.

2014 OBJECTIVES	Progress
45% of electricity from renewable energy or Renewable Energy Certificates	▪ Goal achieved; renewable energy certificates purchased through US auction
70% of key locations to achieve five or more Group Environmental Standards	▪ 72% achieved (81 locations designated green vs 77 in 2013)
Expand Green Heroes programme recognising employee action	▪ New Green Heroes award programme with individual and Green Team winners

2015 OBJECTIVES

- Consultation on new environmental targets with key stakeholders
- 50% of electricity from renewable energy or Renewable Energy Certificates
- 75% of key locations to achieve five or more Group Environmental Standards

2014 ENVIRONMENTAL PERFORMANCE

	Absolute performance			Intensity ratio (Absolute/revenue £m)		
	2014	variance	2013	2014	variance	2013
Scope 1 (direct emissions) tCO_2e	8,932	-23%	11,602	1.55	-20%	1.92
Scope 2 (gross electricity and heat) tCO_2e	109,129	-4%	113,691	18.90	0%	18.84
Total energy (MWh)	222,658	-7%	239,187	38.57	-3%	39.63
Office energy (MWh)	109,387	-9%	120,381	18.95	-5%	19.95
Water (m^3)	343,661	-14%	401,788	59.53	-11%	66.58
Waste diverted from landfill (%)*	70%	1%pt	69%	1.19	1%	1.18
Production paper (t)	52,163	6%	49,410	9.04	10%	8.19

* Intensity metric shows tonnes of waste diverted from landfill/£m revenue

TARGETS

Focus area	Key performance indicators	Target 2010–2015	Achievement to date
Climate change	Scope 1 intensity (direct emissions)	-20%	-29% Achieved
	Scope 2 intensity (gross electricity and heat)	-10%	-22% Achieved
Energy	Office energy use intensity	-20%	-26% Achieved
	Percentage of electricity from renewables or Renewable Energy Certificates	50%	46% Under way
	Average data centre Power Usage Effectiveness (PUE)	1.69	1.65 Achieved
Water	Percentage of key locations achieving 10 m^3 of water per person per year	100%	90% Under way
Waste	Waste diverted from landfill	75%	70% Under way

We have reported on all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report), Regulations 2013. These sources fall within our combined financial statement. We have included emissions from the operating companies within the combined businesses.

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and the data has been assured by an independent third party, EY. Details on methodology and the assurance statement can be viewed in the 2014 Corporate Responsibility Report at www.relxgroup.com/go/CRReport.

2014 Recognition:

Business in the Community CR Index
– included

Dow Jones Sustainability Indices
– included

CDP Indexes:
– Global Climate Performance Leadership Index: Grade A
– Disclosure Leadership Index

Green Power Leader, US EPA

FTSE4Good Index
– included

Natural Capital Leaders Index
– included

Carbon Clear FTSE 100 rankings
– Top 20

ECPI Indices
– included

UK National Business Awards
– Sustainability Award finalist

STOXX Global ESG Leaders Indices
– included

Four Euronext Vigeo indices
– UK 20
– Eurozone 120
– Benelux 20
– Europe 120

Oekom
– First in media sector

THE FULL 2014 CORPORATE RESPONSIBILITY REPORT IS AVAILABLE AT **WWW.RELXGROUP.COM/GO/CRREPORT**

Financial review

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Chief Financial Officer's report

Nick Luff
Chief Financial Officer

Financial stewardship and discipline are important to the Group for the benefit of shareholders. In 2014, we maintained the trends in financial performance that have been delivered in recent years. Return on Invested Capital improved to 12.8%. Our balance sheet remains strong and cash generation was robust.

Revenue

Growth of underlying revenue, which excludes the effects of currency translation, acquisitions, disposals and exhibition cycling, was 3%, with all four business areas contributing to underlying growth. At constant currencies, revenue growth was 1%.

SOURCES OF 2014 REVENUE GROWTH

YEAR TO 31 DECEMBER	£m	Change
2013 revenue	6,035	
Underlying growth	171	+3%
Exhibition cycling	30	+1%
Acquisitions	77	+1%
Disposals	(228)	–4%
Currency effects	(312)	–5%
2014 revenue	5,773	–4%

The difference between underlying and constant currency growth rates reflects the impact of acquisitions, disposals and exhibition cycling in 2013 and 2014. If exhibition cycling effects had been included, underlying revenue growth would have been 4%. The overall effect of disposals in 2014 was to reduce revenue growth by 4%, partially offset by a 1% contribution from acquisitions. Disposals made throughout 2014 will continue to impact reported revenue and operating profit growth rates in 2015.

The impact of currency movements was to reduce revenue by 5%, principally due to the weakening of the US dollar, on average, against sterling during 2014.

Profit

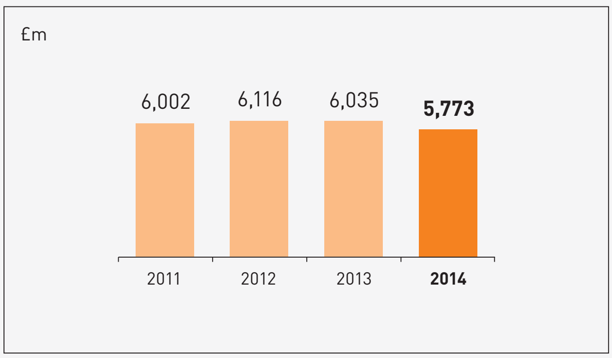
Underlying adjusted operating profit grew ahead of revenue at 5%. Total adjusted operating profit was £1,739m, down 1%, while at constant currencies adjusted operating profits were up 5%.

SOURCES OF 2014 PROFIT GROWTH

YEAR TO 31 DECEMBER	£m	Change
2013 adjusted operating profit	1,749	
Underlying growth	78	+5%
Acquisitions	11	–
Disposals	(2)	–
Currency effects	(97)	–6%
2014 adjusted operating profit	1,739	–1%

Acquisitions and disposals had no net impact on adjusted operating profit. Currency effects reduced adjusted operating profit by 6%.

REVENUE



Profit continued

	2014 £m	2013 £m	Change	Change at constant currencies	Change underlying
Adjusted figures					
Revenue	**5,773**	6,035	–4%	+1%	**+3%***
Operating profit	**1,739**	1,749	–1%	+5%	**+5%**
Operating margin	**30.1%**	29.0%			
Profit before tax	**1,592**	1,572	+1%	+7%	
Net profit	**1,213**	1,197	+1%	+7%	
Net margin	**21.0%**	19.8%			
Cash flow	**1,662**	1,703	–2%	+3%	
Cash flow conversion	**96%**	97%			
Return on invested capital	**12.8%**	12.1%			

* Excluding exhibition cycling.

The Group uses adjusted and underlying figures as additional performance measures. Adjusted figures primarily exclude the amortisation of acquired intangible assets and other items related to acquisitions and disposals, and the associated deferred tax movements. Reconciliation between the reported and adjusted figures are set out in note 10 to the combined financial statements on page 114. Underlying growth rates are calculated at constant currencies, and exclude the results of all acquisitions and disposals made in both the year and prior year and assets held for sale. Underlying revenue growth rates also exclude the effects of exhibition cycling. Constant currency growth rates are based on 2013 full year average and hedge exchange rates.

Underlying costs were up 3%, reflecting investment in global technology platforms and the launch of new products and services, partly offset by continued process innovation. Actions were taken across our businesses to improve cost efficiency. Total operating costs, including the impact of acquisitions and disposals, decreased by 6%. At constant currencies, total operating costs decreased by 1%.

The net pension expense, excluding the net pension financing charge, was £95m (2013: £61m), including settlement and past service credits of £15m (2013: £59m).

The overall adjusted operating margin at 30.1% was 1.1 percentage points higher than in the prior year. This included a 0.9 percentage point benefit to margin from portfolio change and a 0.1 percentage point decrease from currency effects.

Interest expense, excluding the net pension financing charge, was £147m (2013: £177m). The reduction primarily reflects the benefit of term debt refinancing at lower rates and currency translation effects.

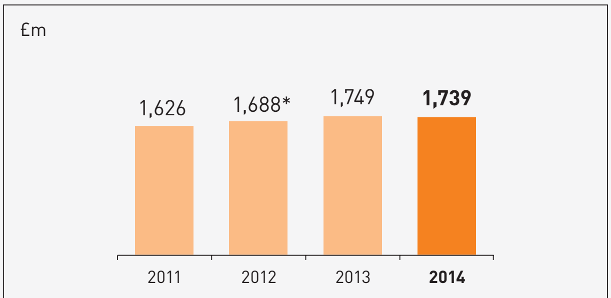
Adjusted profit before tax was £1,592m (2013: £1,572m), up 1%. At constant exchange rates, adjusted profit before tax was up 7%, reflecting the increase in constant currency adjusted operating profits and a lower net interest expense.

The adjusted effective tax rate on adjusted profit before tax was 23.5%, in line with the prior year. The effective tax rate excludes movements in deferred taxation assets and liabilities related to goodwill and acquired intangible assets, and includes the benefit of tax amortisation where available on those items. Adjusted operating profits and taxation are grossed up for the equity share of taxes in joint ventures.

The application of tax law and practice is subject to some uncertainty and amounts are provided in respect of this. Discussions with tax authorities relating to cross-border transactions and other matters are ongoing. Although the outcome of open items cannot be predicted, no significant impact on profitability is expected.

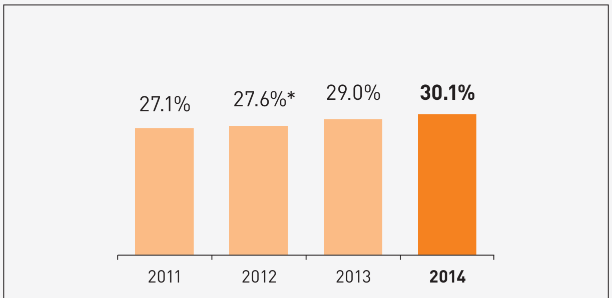
The adjusted net profit attributable to shareholders of £1,213m (2013: £1,197m) was up 1% and up 7% at constant currencies.

ADJUSTED OPERATING PROFIT



* 2012 restated for IAS19.

ADJUSTED OPERATING PROFIT MARGIN



* 2012 restated for IAS19.

Cash flows

Adjusted cash flow was £1,662m (2013: £1,703m), down 2% compared with the prior year and up +3% at constant currencies. The rate of conversion of adjusted cash flow was 96% (2013: 97%).

CONVERSION OF ADJUSTED OPERATING PROFIT INTO CASH

YEAR TO 31 DECEMBER	2014 £m	2013 £m
Adjusted operating profit	**1,739**	1,749
Capital expenditure	**(270)**	(308)
Depreciation and amortisation of internally developed intangible assets	**237**	249
Working capital and other items	**(44)**	13
Adjusted cash flow	**1,662**	1,703
Cash flow conversion	**96%**	97%

Capital expenditure was £270m (2013: £308m), including £203m (2013: £251m) in respect of capitalised development costs. This reflects sustained investment in new products and related infrastructure, particularly in the Legal business. Depreciation and the amortisation of capitalised development costs were £237m (2013: £249m). Capital expenditure was 4.7% of revenue (2013: 5.1%). Depreciation and amortisation were 4.1% of revenue (2013: 4.1%).

Tax paid increased to £363m (2013: £347m), reflecting increased taxable profits, predominantly in the US. Interest paid was £126m (2013: £195m).

Payments made in respect of acquisition-related costs amounted to £27m (2013: £28m). Payments relating to exceptional restructuring programmes from prior years were nil (2013: £12m).

Free cash flow before dividends was £1,156m (2013: £1,131m). Ordinary dividends paid to shareholders in the year, being the 2013 final and 2014 interim dividends, amounted to £565m (2013: £549m). Free cash flow after dividends was £591m (2013: £582m).

Total consideration on acquisitions completed in the year was £385m (2013: £230m).

FREE CASH FLOW

YEAR TO 31 DECEMBER	2014 £m	2013 £m
Adjusted cash flow	**1,662**	1,703
Interest paid	**(126)**	(195)
Tax paid	**(363)**	(347)
Acquisition-related/restructuring costs*	**(17)**	(30)
Free cash flow before dividends	**1,156**	1,131
Ordinary dividends	**(565)**	(549)
Free cash flow post dividends	**591**	582

* Including cash tax relief.

Cash spent on acquisitions was £437m (2013: £231m), including deferred consideration of £34m (2013: £21m) on past acquisitions, payments of £15m (2013: nil) for the acquisition of non-controlling interests, spend on venture capital investments of £6m (2013: £10m) and borrowings in acquired businesses totalling £20m (2013: nil).

Total consideration on the disposal of non-strategic assets in 2014 was £74m (2013: £331m), including £10m (2013: £6m) in respect of freehold properties. Net cash received after timing differences and separation and transaction costs was £53m (2013: £195m). Net tax recovered in respect of disposals was £5m (2013: tax paid £25m).

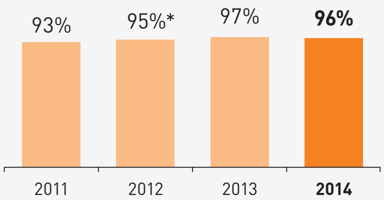
Share repurchases by the parent companies in 2014 were £600m (2013: £600m), with a further £100m repurchased in 2015 as at 25 February. The Employee Benefit Trust purchased shares of the parent companies to meet future obligations in respect of share based remuneration totalling £39m (2013: nil). Proceeds from the exercise of share options were £45m (2013: £125m).

RECONCILIATION OF NET DEBT YEAR-ON-YEAR

YEAR TO 31 DECEMBER	2014 £m	2013 £m
Net debt at 1 January	**(3,072)**	(3,127)
Free cash flow post dividends	**591**	582
Net disposal proceeds	**53**	195
Acquisitions	**(437)**	(231)
Share repurchases	**(639)**	(600)
Net proceeds from share options exercised	**45**	125
Other*	**(12)**	(44)
Currency translation	**(79)**	28
Net debt at 31 December	**(3,550)**	(3,072)

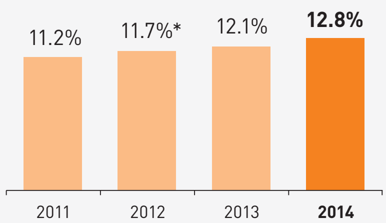
* Cash tax relief/payments on disposals, distributions to minorities and finance leases.

ADJUSTED CASH FLOW CONVERSION



* 2012 restated for IAS19.

RETURN ON INVESTED CAPITAL



* 2012 restated for IAS19.

Funding

Debt

Net borrowings at 31 December 2014 were £3,550m, an increase of £478m since 31 December 2013. The majority of our borrowings are denominated in US dollars and the weakening of sterling against the dollar at the year end compared with the start of the year resulted in higher net borrowings when translated into sterling. Excluding currency translation effects, net borrowings increased by £399m. Expressed in US dollars, net borrowings at 31 December 2014 were $5,532m, an increase of $443m.

Gross borrowings at 31 December 2014 amounted to £3,825m (2013: £3,281m). The fair value of related derivative liabilities was £1m (2013: assets of £77m). Cash balances totalled £276m (2013: £132m). In aggregate, these give the net borrowings figure of £3,550m (2013: £3,072m).

The effective interest rate on gross borrowings was 4.2% in 2014, down from 4.8% in the prior year. As at 31 December 2014, after taking into account interest rate derivatives, a total of 52% of gross borrowings were at fixed rates with a weighted average remaining life of 5.8 years.

The ratio of net debt to 12-month trailing EBITDA (adjusted earnings before interest, tax, depreciation and amortisation) was 1.7x (2013: 1.6x). Incorporating the capitalisation of operating leases and the pension deficit, in line with the approach taken by the credit rating agencies, the ratio was 2.3x (2013: 2.1x).

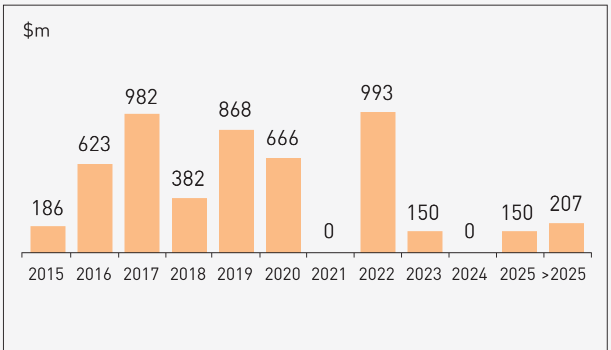
Liquidity

In June 2014, the first of two one-year extension options was exercised on the $2.0bn committed bank facility, taking the maturity to July 2019. This back-up facility provides security of funding for short-term debt. At 31 December 2014, this facility was undrawn.

In May 2014, €350m of euro denominated floating rate term debt was issued with a maturity of three years, and swapped to $480m on issue. In August 2014, £300m of sterling denominated fixed rate term debt was issued with a maturity of five years and a coupon of 2.75%. In December 2014, $20m of US term debt maturing in January 2019 was purchased on the open market.

The Group has ample liquidity and access to debt capital markets, providing the ability to repay or refinance borrowings as they mature.

TERM DEBT MATURITY PROFILE



Invested capital and returns

SUMMARY BALANCE SHEET

AS AT 31 DECEMBER	2014 £m	2013 £m
Goodwill and acquired intangible assets*	**7,365**	6,980
Internally developed intangible assets*	**780**	720
Property, plant and equipment* and investments	**464**	454
Net (liabilities)/assets held for sale	**(2)**	18
Net pension obligations	**(632)**	(379)
Working capital	**(1,124)**	(1,156)
Net capital employed	**6,851**	6,637

* Net of accumulated depreciation and amortisation.

Net capital employed was £6,851m at 31 December 2014 (2013: £6,637m), an increase of £214m.

The carrying value of goodwill and acquired intangible assets increased by £385m, reflecting the strengthening of the dollar against sterling and acquisitions in 2014, partly offset by the annual amortisation charge and divestments. An amount of £187m was capitalised in the year in respect of acquired intangible assets and £240m was recorded as goodwill.

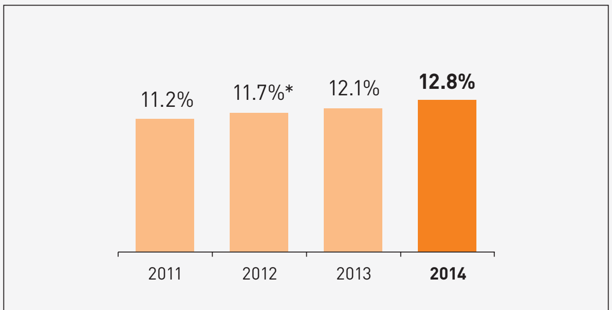
Development costs of £203m (2013: £251m) were capitalised within internally developed intangible assets, most notably investment in new products and related infrastructure in the Legal business.

Net pension obligations, i.e. pension obligations less pension assets, increased to £632m (2013: £379m). There was a deficit of £439m (2013: £219m) in respect of funded schemes, which were on average 91% funded at the end of the year on an IFRS basis. The higher deficit reflects lower discount rates in the UK, US and the Netherlands.

Gross capital employed at 31 December 2014 was £11,604m (2013: £11,155m) after adding back accumulated amortisation and impairment of acquired intangible assets and goodwill. The increase principally reflects currency effects, which more than offset the impact of disposals and an increase in the net pension deficit.

The post-tax return on average invested capital in the year was 12.8% (2013: 12.1%). This is based on adjusted operating profits for the year, less tax at the effective rate, and the average of the gross capital employed at the beginning and end of the year, retranslated at the average exchange rates, adjusted to exclude the gross up to goodwill in respect of deferred tax liabilities established on certain acquired intangible assets. The increase in the return reflects the improved trading performance and a lower capital base (at average exchange rates).

RETURN ON INVESTED CAPITAL



* 2012 restated for IAS19.

Reported figures

	2014 £m	2013 £m	Change	Change at constant currencies	Change underlying
Reported figures					
Revenue	**5,773**	6,035	–4%	+1%	**+3%***
Operating profit	**1,402**	1,376	+2%	+8%	
Profit before tax	**1,229**	1,196	+3%	+9%	
Net profit	**955**	1,110	–14%	–9%	
Net margin	**16.5%**	18.4%			
Net borrowings	**3,550**	3,072			

* Excluding exhibition cycling.

The Group uses adjusted and underlying figures as additional performance measures. Adjusted figures primarily exclude the amortisation of acquired intangible assets and other items related to acquisitions and disposals, and the associated deferred tax movements. Reconciliation between the reported and adjusted figures are set out in note 10 to the combined financial statements on page 114. Underlying growth rates are calculated at constant currencies, and exclude the results of all acquisitions and disposals made in both the year and prior year and assets held for sale. Underlying revenue growth rates also exclude the effects of exhibition cycling. Constant currency growth rates are based on 2013 full year average and hedge exchange rates.

Reported operating profit, after amortisation of acquired intangible assets and acquisition-related costs, was £1,402m (2013: £1,376m).

The amortisation charge in respect of acquired intangible assets, including the share of amortisation in joint ventures, decreased to £286m (2013: £318m) reflecting certain assets becoming fully amortised and currency effects. Acquisition-related costs were £30m (2013: £43m), including a charge for deferred consideration payments required to be expensed under IFRS.

The reported profit before tax was £1,229m (2013: £1,196m).

RECONCILIATION OF ADJUSTED AND REPORTED PROFIT BEFORE TAX

YEAR TO 31 DECEMBER	2014 £m	2013 £m
Adjusted profit before tax	**1,592**	1,572
Amortisation of acquired intangible assets	**(286)**	(318)
Acquisition-related costs	**(30)**	(43)
Reclassification of tax in joint ventures	**(21)**	(12)
Net pension financing charge	**(15)**	(19)
Disposals and other non-operating items	**(11)**	16
Reported profit before tax	**1,229**	1,196

Reported net finance costs of £162m (2013: £196m) include a charge of £15m (2013: £19m) in respect of the defined benefit pension schemes. Net pre-tax disposal losses were £11m (2013: gain of £16m) arising largely from the sale of certain Risk & Business Information businesses. These losses are increased by an associated tax charge of £3m (2013: £34m).

RECONCILIATION OF ADJUSTED AND REPORTED TAX CHARGE

YEAR TO 31 DECEMBER	2014 £m	2013 £m
Adjusted tax charge	**(374)**	(370)
Tax on disposals and other non-operating items	**(3)**	(34)
Deferred tax credits from intangible assets	**68**	300
Other items	**40**	23
Reported tax charge	**(269)**	(81)

The reported tax charge was £269m (2013: £81m). In 2013, the reported tax charge included a non-recurring deferred tax credit of £221m arising on the alignment of business assets with their global management structure. The reported net profit attributable to the parent companies' shareholders was £955m (2013: £1,110m).

Parent companies

Reed Elsevier PLC	2014 £m	2013 £m	Change	Change at constant currencies
Reported net profit	**490**	572	–14%	
Adjusted net profit	**642**	633	+1%	+7%
Reported earnings per share	**43.0p**	48.8p	–12%	
Adjusted earnings per share	**56.3p**	54.0p	+4%	+10%
Ordinary dividend per share	**26.0p**	24.6p	+6%	
Reed Elsevier NV	**€m**	€m		
Reported net profit	**592**	655	–10%	
Adjusted net profit	**752**	707	+6%	+7%
Reported earnings per share	**€0.85**	€0.91	–7%	
Adjusted earnings per share	**€1.07**	€0.99	+8%	+10%
Ordinary dividend per share	**€0.589**	€0.506	+16%	

The reported earnings per share for Reed Elsevier PLC was down 12% at 43.0p (2013: 48.8p) and for Reed Elsevier NV was down 7% at €0.85 (2013: €0.91), reflecting the impact of deferred tax credits in 2013 on both companies.

Adjusted earnings per share were up 4% at 56.3p (2013: 54.0p) and 8% at €1.07 (2013: €0.99) for Reed Elsevier PLC and Reed Elsevier NV respectively. At constant rates of exchange, the adjusted earnings per share of both companies increased by 10%.

The equalised final dividends proposed by the respective Boards are 19.0p per share for Reed Elsevier PLC and €0.438 per share for Reed Elsevier NV, 6% and 17% higher respectively compared with the prior year final dividends. This gives total dividends for the year of 26.0p (2013: 24.6p) and €0.589 (2013: €0.506). The difference in growth rates in the equalised final dividends, and in the earlier interim dividends, reflects changes in the euro: sterling exchange rate since the respective prior year dividend announcement dates.

Dividend cover, based on adjusted earnings per share and the total interim and proposed final dividends for the year, is 2.2 times (2013: 2.2x) for Reed Elsevier PLC and 1.8 times (2013: 2.0x) for Reed Elsevier NV. The dividend policy of the parent companies is, subject to currency considerations, to grow dividends broadly in line with adjusted earnings per share while maintaining dividend cover (being the number of times the annual dividend is covered by the adjusted earnings per share) of at least two times over the longer term.

During 2014, 35.2m Reed Elsevier PLC shares and 21.5m Reed Elsevier NV shares (including R share equivalents) were repurchased. A further 0.8m Reed Elsevier PLC shares and 2.0m Reed Elsevier NV shares were purchased by the Employee Benefit Trust. During 2014, 65.0m Reed Elsevier PLC shares and 40.0m Reed Elsevier NV shares held in treasury were cancelled. As at 31 December 2014, shares in issue for Reed Elsevier PLC and Reed Elsevier NV respectively, net of shares held in treasury, amounted to 1,127.7m and 690.9m (including R share equivalents). A further 4.8m Reed Elsevier PLC shares and 2.8m Reed Elsevier NV shares have been repurchased in January and February 2015.

Elsevier Reed Finance BV

Elsevier Reed Finance BV, the Dutch parent company of the Elsevier Reed Finance BV group ("ERF"), was directly owned by Reed Elsevier PLC and Reed Elsevier NV during 2014. Effective 25 February 2015, Reed Elsevier PLC and Reed Elsevier NV transferred their direct ownership interests in ERF to their jointly owned company RELX Group plc (see "Changes to corporate structure", on page 57). During 2014, ERF provided treasury, finance, intellectual property and reinsurance services to the Group businesses through its subsidiaries in Switzerland: Elsevier Finance SA ("EFSA"); Reed Elsevier Properties SA ("REPSA"); and Elsevier Risks SA ("ERSA"). These three Swiss companies were organised under one Swiss holding company, which was in turn owned by Elsevier Reed Finance BV.

EFSA is the principal treasury centre for the combined businesses. It is responsible for all aspects of treasury advice and support for certain Group businesses, and undertakes foreign exchange and derivatives dealing services for the whole Group. EFSA also arranges or directly provides the Group businesses with financing for acquisitions, product development and other general requirements and manages cash pools, investments and debt programmes on their behalf. REPSA actively manages intellectual property assets including trademarks such as The Lancet and databases such as Reaxys and PharmaPendium. ERSA is responsible for reinsurance activities for Reed Elsevier.

Distributable reserves

As at 31 December 2014, the parent companies Reed Elsevier PLC and Reed Elsevier NV each had distributable reserves of over £1.5bn (€1.9bn). In line with respective legislation in the UK and the Netherlands, distributable reserves are derived from the non-consolidated parent company balance sheets. The combined and parent company consolidated reserves reflect adjustments such as the amortisation of acquired intangible assets that are not taken into account when calculating distributable reserves.

Accounting policies

The combined financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and as issued by the International Accounting Standards Board following the accounting policies shown on pages 96 to 101. The accounting policies and estimates which require the most significant judgement relate to the valuation of goodwill and intangible assets, the capitalisation of development costs, taxation and accounting for defined benefit pension schemes. Further detail is provided in the accounting policies on pages 99 and 100.

Treasury policies

The main treasury risks faced by the Group are liquidity risk, interest rate risk, foreign currency risk and credit risk.

The Boards of Reed Elsevier PLC and Reed Elsevier NV agree overall policy guidelines for managing each of these risks and the Boards of RELX Group plc and Elsevier Finance SA agree policies (in line with parent company guidelines) for their respective business and treasury centres. A summary of these policies is provided in note 18 to the financial statements on pages 120 to 123. Financial instruments are used to finance the combined businesses and to hedge transactions. The Group's businesses do not enter into speculative transactions.

Capital and liquidity management

The capital structure is managed to support the Group's objective of maximising long-term shareholder value through appropriate security of funding, ready access to debt and capital markets, cost-effective borrowing and flexibility to fund business and acquisition opportunities while maintaining appropriate leverage to ensure an efficient capital structure.

Over the long-term, the Group seeks to maintain cash flow conversion of 90% or higher and credit metrics that are consistent with a solid investment grade credit rating. The typical credit metrics are net debt to EBITDA, on a pensions and lease adjusted and on an unadjusted basis, and free cash flow as percentage of net debt.

The Group's uses of free cash flow over the longer-term balance the dividend policy, selective acquisitions and share repurchases, while retaining the balance sheet strength to maintain access to cost-effective sources of borrowing.

Further detail on the Group's capital and liquidity management is provided on page 120.

Corporate responsibility

We attach equal importance to assessing our non-financial performance as we do in reviewing the other aspects of our business activity. The social and environmental metrics that appear in this report, and in the companion 2014 Corporate Responsibility Report, have been calculated using robust methodologies aligned with best practice. Environmental and health and safety data has been assured by EY.

Changes to Corporate structure: impact on financial statements

As described in the Chairman's introduction to Corporate Governance on pages 66 and 67 of this report, the Boards have reviewed the Group's corporate structure, share listings, equalisation arrangements and corporate entity names to explore ways in which they might be simplified and modernised. Certain changes have recently been made and others are being proposed to shareholders at the Annual General Meetings of Reed Elsevier PLC and Reed Elsevier NV to be held in April 2015. If approved, these changes will be effective from 1 July 2015. It is important to note that:

- these changes will not impact the combined financial statements
- furthermore, there will be no impact on the consolidated financial statements of Reed Elsevier PLC, nor on its adjusted earnings per share
- but there will be changes to the consolidated financial statements of Reed Elsevier NV and its adjusted earnings per share, as explained below

As a result of the proposed changes, Reed Elsevier NV's interest in the combined results will reduce from 50% to 47.1%. This reduction will be matched by the cancellation of the shares through which Reed Elsevier PLC currently owns a 5.8% interest in Reed Elsevier NV. Consequently, the consolidated earnings of Reed Elsevier NV attributable to its ordinary shareholders will not change.

The proposed bonus issue of shares will increase the number of shares in issue for Reed Elsevier NV by 53.8%. As a result, earnings per share and dividend per share for Reed Elsevier NV will reduce by around 35%. However, the reduction in the per share economic interests of Reed Elsevier NV shareholders will be offset by the number of additional shares each Reed Elsevier NV shareholder receives in the bonus issue, leaving the economic interest of each shareholder unchanged. In the future, adjusted earnings per share for Reed Elsevier NV will be the same as adjusted earnings per share for Reed Elsevier PLC, when expressed in the same currency.

Note that, although Reed Elsevier PLC will hold a 52.9% economic interest in RELX Group plc, voting control will continue to be held 50%/50% between the two parent companies. Both parent companies will, therefore, continue to account for their interest in RELX Group plc as a joint venture.

Subject to approval by Reed Elsevier NV shareholders and the completion of the bonus issue during the first half of 2015, from the 2015 interim results onwards, historical earnings and dividend per share figures for Reed Elsevier NV will be restated to reflect the bonus issue. The table below illustrates the impact of the changes on a pro forma basis.

	Year ended 31 December 2014	
Reed Elsevier NV	**Before changes to structure**	**Restated pro forma**
Adjusted net profit	€752m	€708m(2)
Weighted average net shares in issue	700.1m(1)	1,014.2m(3)
Adjusted earnings per share	€1.07	€0.698(4)
Dividend per ordinary share	€0.589	€0.383(5)

(1) Including ordinary share equivalents of convertible exchange shares held by Reed Elsevier PLC
(2) Reflecting Reed Elsevier NV's reduced interest in the combined business of 47.1%
(3) Reflecting the bonus issue
(4) Equal to 56.3p at the average exchange rate of €1.24=£1
(5) Equal to 26.0p at the spot exchange rates averaged over five consecutive business days commencing on the tenth business day before the announcement of the interim and proposed final dividends.

Nick Luff
Chief Financial Officer

Principal risks

The Group has established risk management practices that are embedded into the operations of the businesses, based on the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). The principal risks facing the business, which have been considered by the Audit Committees and Boards, are described below. While our process is robust and includes consideration of risks that would threaten the Group's business models and its solvency, it is not possible to identify every risk that could affect our businesses, and the actions taken to mitigate the risks described below cannot provide absolute assurance that a risk will not materialise and/or adversely affect our business or financial performance. Our risk management and internal control processes are described in the Corporate Governance section. A description of the business and a discussion of factors affecting performance is set out in the Chief Executive Officer's report and Business Review. Financial risks are discussed in the Chief Financial Officer's report and in note 18 to the combined financial statements. Our approach to managing environmental and other non-financial risks is set out in the Business Review and the separate Corporate Responsibility Report.

EXTERNAL RISKS

Risk	Description and impact	Mitigation
Economy and market conditions	Demand for our products and services may be impacted by factors such as the economic environment in the US, Europe and other major economies, and levels of government funding.	Our businesses are focused on professional markets which have generally been more resilient in periods of economic downturn. We deliver information solutions, many on a subscription basis, which are important to our customers' effectiveness and efficiency. We have extended our position in long-term global growth markets through organic new launches supported by the selective acquisition of small content and data sets. We continue to dispose of businesses that no longer fit our strategy.
Intellectual property rights	Our products and services are largely composed of intellectual property content delivered through a variety of media. We rely on trademark, copyright, patent and other intellectual property laws to establish and protect our proprietary rights in these products and services. There is a risk that our proprietary rights could be challenged, limited, invalidated or circumvented which may impact demand for and pricing of our products and services.	We actively engage in developing and promoting the legal protection of intellectual property rights. Our subscription contracts with customers contain provisions regarding the use of proprietary content. We are vigilant as to the use of our content and, as appropriate, take legal action to challenge illegal distribution sources.
Data resources	A number of our businesses rely extensively upon content and data from external sources. Data is obtained from public records, governmental authorities, customers and other information companies, including competitors. The disruption or loss of data sources, either because of changes in the law or because data suppliers decide not to supply them could adversely affect our products and services.	We seek as far as possible to have proprietary content. Where content is supplied to us by third parties, we aim to have contracts which provide mutual commercial benefit. We also maintain an active dialogue with regulatory authorities on privacy and other data-related issues, and promote, with others, the responsible use of data.
Paid subscriptions	Our scientific, technical and medical (STM) primary publications, like those of most of our competitors, are published largely on a paid subscription basis. There is continued debate in government, academic and library communities, which are the principal customers for our STM publications, regarding to what extent such publications should be funded instead through fees charged to authors or authors' funders and/or made freely available in some form after a period following publication. If these methods of STM publishing are widely adopted or mandated, it could adversely affect our revenue from paid subscription publications.	We engage extensively with stakeholders in the STM community to better understand their needs and deliver value to them. We are open to serve and are currently serving the STM community under a broad range of payment models that can sustainably provide researchers with the critical information tools that they need. We focus on the integrity and quality of research through the editorial and peer review process; we invest in efficient editorial and distribution platforms and in innovation in platforms and tools to make content and data more accessible and actionable; and we ensure vigilance on plagiarism and the long-term preservation of research findings.

STRATEGIC RISKS

Risk	Description and impact	Mitigation
Customer acceptance of products	Our businesses are dependent on the continued acceptance by our customers of our products and services and the value placed on them. Failure to meet evolving customer needs could impact demand for our products and consequently adversely affect our revenue.	We are focused on the needs and economics of our customers and employ user-centred design and customer analytics to provide content and innovative solutions that help them achieve better outcomes and enhance productivity.
Competition	Our businesses operate in highly competitive markets, which continue to evolve in response to technological innovations, legislative and regulatory changes, the entrance of new competitors and other factors. Failure to anticipate market trends could impact the competitiveness of our products and services and consequently adversely affect our revenue.	We gain insights into our markets, evolving customers' needs, the potential application of new technologies and business models, and the actions of competitors. These insights inform our market strategies and operational priorities. We continuously invest significant resources in our products and services, and the infrastructure to support them.
Acquisitions	We regularly make small acquisitions to strengthen our portfolio. If we are unable to generate the anticipated benefits such as revenue growth and/or cost savings associated with these acquisitions this could adversely affect return on invested capital and financial condition.	Acquisitions are made within the framework of our overall strategy, which emphasises organic development. We have a well formulated process for reviewing and executing acquisitions and for managing the post-acquisition integration. This process is underpinned with clear strategic, financial and ethical criteria. We closely monitor the integration and performance of acquisitions.

OPERATIONAL RISKS

Risk	Description and impact	Mitigation
Technology failure	Our businesses are dependent on electronic platforms and networks, primarily the internet, for delivery of products and services. These could be adversely affected if our electronic delivery platforms or networks experience a significant failure, interruption, or security breach.	We have established procedures for the protection of our technology assets. These include the development of business continuity plans, including IT disaster recovery plans and back-up delivery systems, to reduce business disruption in the event of a major technology failure.
Data security	Our businesses maintain databases and information that are accessed online, including personal information. Breaches of our data security or failure to comply with applicable legislation or regulatory or contractual requirements could damage our reputation and expose us to risk of loss, litigation and increased regulation.	We have established data privacy and security programmes and evolve our programmes in line with emerging threats. We test and re-evaluate our procedures and controls with the aim of ensuring that personal data is protected and that we comply with relevant legislative, regulatory and contractual requirements.
Supply chain dependencies	Our organisational and operational structures are dependent on outsourced and offshored functions. Poor performance or failure of third parties to whom we have outsourced activities could adversely affect our business performance, reputation and financial condition.	We select our vendors with care and establish contractual service levels that we closely monitor, including through key performance indicators and targeted supplier audits. We have developed business continuity plans to reduce disruption in the event of a major failure by a vendor.
Talent	The implementation and execution of our strategies and business plans depend on our ability to recruit, motivate and retain high-quality people. We compete globally and across business sectors for talented management and skilled individuals, particularly those with technology and data analytics capabilities. An inability to recruit, motivate or retain such people could adversely affect our business performance.	We have well established management development and talent review programmes. We monitor capability needs and remuneration schemes are tailored to attract and motivate the best talent available at an appropriate level of cost. We actively seek feedback from employees, which feeds into plans to enhance employee engagement and motivation.

FINANCIAL RISKS

Risk	Description and impact	Mitigation
Pensions	We operate a number of pension schemes around the world. Historically, the largest schemes have been local versions of the defined benefit type in the UK, the US and the Netherlands. The assets and obligations associated with those pension schemes are sensitive to changes in the market values of assets and the market-related assumptions used to value scheme liabilities. Adverse changes to, inter alia, asset values, discount rates or inflation could increase future pension costs and funding requirements.	We have professional management of our pension schemes and we focus on maintaining appropriate asset allocation and plan designs. We review our funding requirements on a regular basis with the assistance of independent actuaries and ensure that the funding plans are appropriate.
Tax	Our businesses operate globally and our earnings are subject to taxation in many differing jurisdictions and at differing rates. We seek to organise our affairs in a tax efficient manner, taking account of the jurisdictions in which we operate. However, tax laws that apply to our businesses may be amended by the relevant authorities or interpreted differently, which could adversely affect our reported results.	We have clear and consistent tax policies and tax matters are dealt with by a professional tax function, supported by external tax advisers. We maintain an open dialogue with the relevant tax authorities and are vigilant in ensuring that we comply with tax legislation.
Treasury	The Reed Elsevier combined financial statements are expressed in pounds sterling and are subject to movements in exchange rates on the translation of the financial information of businesses whose operational currencies are other than sterling. The US is our most important market and, accordingly, significant fluctuations in the US dollar exchange rate could significantly affect our reported results. Macro economic, political and market conditions may also adversely affect the availability of short and long-term funding, volatility of interest rates, currency exchange rates and inflation.	Our approach to funding and the management of financial risks, including interest rate and foreign currency exposures, is described in note 18 to the combined financial statements.

REPUTATIONAL RISKS

Risk	Description and impact	Mitigation
Ethics	As a world-leading provider of professional information solutions to the STM, risk & business information, legal, and exhibitions markets we are expected to adhere to high standards of independence and ethical conduct. A breach of generally accepted ethical business standards could adversely affect our business performance, reputation and financial condition.	Our Code of Ethics and Business Conduct is provided to every employee and is supported by training. It encompasses such topics as fair competition, anti-bribery and human rights and encourages open and principled behaviour. We have well established processes for reporting and investigating instances of unethical conduct. Our major suppliers are required to adopt our Supplier Code of Conduct.
Environmental	Our businesses have an impact on the environment, principally through the use of energy and water, waste generation and, in our supply chain, through paper use and print and production technologies. Failure to manage our environmental impact could adversely affect our reputation.	We are committed to reducing these environmental impacts by limiting resource use and efficiently employing sustainable materials and technologies. We require our major suppliers and contractors to meet the same objectives. We seek to ensure that all our businesses are compliant with relevant environmental regulation.

The Strategic Report, as set out on pages 2 to 60, has been approved by the Board of Reed Elsevier PLC in accordance with local UK requirements.

By order of the Board
Henry Udow
Company Secretary
25 February 2015

Registered Office
1–3 Strand
London
WC2N 5JR

Governance

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Board Directors

Executive Directors

Erik Engstrom (51)
Chief Executive Officer

Appointed: Chief Executive Officer since 2009. Joined Reed Elsevier as Chief Executive Officer of Elsevier in 2004.
Nationality: Swedish
Other appointments: Non-Executive Director of Smith & Nephew plc.
Past appointments: Prior to joining Reed Elsevier was a partner at General Atlantic Partners. Before that was President and Chief Operating Officer of Random House Inc and, before its merger with Random House, President and Chief Executive Officer of Bantam Doubleday Dell, North America. Began his career as a consultant with McKinsey. Served as a Non-Executive Director of Eniro AB and Svenska Cellulosa Aktiebolaget SCA.
Education: Holds a BSc from Stockholm School of Economics, an MSc from the Royal Institute of Technology in Stockholm, and gained an MBA from Harvard Business School as a Fulbright Scholar.

Nick Luff (47)
Chief Financial Officer

Appointed: Chief Financial Officer on 1 September 2014
Nationality: British
Other appointments: Non-Executive Director of Lloyds Banking Group plc.
Past appointments: Prior to joining Reed Elsevier was Group Finance Director of Centrica plc from 2007. Before that he was Chief Financial Officer at The Peninsular & Oriental Steam Navigation Company (P&O) and its affiliated companies, having previously held a number of senior finance roles at P&O. Began his career as an accountant with KPMG. Formerly a Non-Executive Director of QinetiQ Group plc.
Education: Has a degree in Mathematics from Oxford University and is a qualified UK Chartered Accountant.

Non-Executive Directors

Anthony Habgood (68) R N C
Chairman

Appointed: 2009
Nationality: British
Other appointments: Chairman of: Court of the Bank of England, Preqin Holding Limited and Norwich Research Partners LLP.
Past appointments: Previously was Chairman of Whitbread plc, Bunzl plc and of Mölnlycke Health Care Limited and served as Chief Executive of Bunzl plc, Chief Executive of Tootal Group plc and a Director of The Boston Consulting Group. Formerly Non-Executive Director of Geest plc, Marks and Spencer plc, National Westminster Bank plc, Powergen plc, SVG Capital plc, and Norfolk and Norwich University Hospitals Trust.
Education: Holds an MA in Economics from Cambridge University and an MS in Industrial Administration from Carnegie Mellon University. He is a visiting Fellow at Oxford University.

Wolfhart Hauser (65) R C
Chairman of the Remuneration Committee

Appointed: 2013
Nationality: German
Other appointments: Chief Executive Officer of Intertek Group plc and a Non-Executive Director of Associated British Foods plc.
Past appointments: Chairman of Dragenopharm GmbH & Co AG from 2002 to 2006. Prior to that he was Chief Executive Officer of TÜV Suddeutschland between 1998 and 2002 and Chief Executive Officer of TÜV Product Service GmbH for 10 years. Served as a Non-Executive Director of Logica plc and Intertek Group plc before his current position at the company.

Marike van Lier Lels (55) C
Non-Executive Director of Reed Elsevier NV

Appointed: 2010
Nationality: Dutch
Other appointments: Member of the Supervisory Boards of TKH Group NV, Eneco Holding NV and Royal Imtech NV, and a member of the Executive Committee of Aegon Association. A member of various Dutch governmental advisory boards.
Past appointments: Member of the Supervisory Boards of Maersk BV, KPN NV and USG People NV, and Executive Vice President and Chief Operating Officer of the Schiphol Group. Prior to joining Schiphol Group, was a member of the Executive Board of Deutsche Post Euro Express and held various senior positions with Nedlloyd.

Robert Polet (59) R C
Non-Executive Director

Appointed: 2007
Nationality: Dutch
Other appointments: Chairman of Safilo Group S.p.A., Chairman of the Supervisory Board of Rituals Cosmetics BV, and a Non-Executive Director of Philip Morris International Inc, William Grant & Sons Limited, Scotch and Soda NV and Crown Topco Limited, parent company of Vertu.
Past appointments: President and Chief Executive Officer of Gucci Group from 2004 to 2011, having previously spent 26 years at Unilever working in a variety of positions including President of Unilever's Worldwide Ice Cream and Frozen Foods division. Formerly a member of the Supervisory Board of Nyenrode Foundation and a Non-Executive Director of Wilderness Holdings Limited.

Adrian Hennah (57) A C
Non-Executive Director

Appointed: 2011
Nationality: British
Other appointments: Chief Financial Officer of Reckitt Benckiser Group plc and Non-Executive Director of Indivior PLC.
Past appointments: Chief Financial Officer of Smith & Nephew plc from 2006 to 2012. Before that was Chief Financial Officer of Invensys plc, having previously held various senior finance and management positions with GlaxoSmithKline for 18 years.

Lisa Hook (56) R N C
Senior Independent Director

Appointed: 2006
Nationality: American
Other appointments: President and Chief Executive Officer of Neustar, Inc and a Director of Vantiv, Inc and Island Press. Serves on the US President's National Security Telecommunications Advisory Committee (NSTAC), and as a member of the Advisory Board of the Peggy Guggenheim Collection.
Past appointments: President and Chief Executive Officer at Sun Rocket Inc. Before that was President of AOL Broadband, Premium and Developer Services. Prior to joining AOL, was a founding partner at Brera Capital Partners LLC. Previously Chief Operating Officer of Time Warner Telecommunications and has served as Senior Advisor to the Federal Communications Commission Chairman and a Senior Counsel to Viacom Cable. Formerly a Director of Covad Communications, Inc and The Ocean Foundation.

Linda Sanford (62) A C
Non-Executive Director

Appointed: 2012
Nationality: American
Other appointments: An independent Director of Consolidated Edison, Inc. Serves on the boards of directors of The Business Council of New York State and the Partnership for New York City. Also serves on the boards of trustees of the State University of New York, St John's University, Rensselaer Polytechnic Institute and the New York Hall of Science.
Past appointments: Senior Vice President, Enterprise Transformation, IBM Corporation until December 2014, having joined the company in 1975. Formerly a Non-Executive Director of ITT Corporation.

Ben van der Veer (63) A N C
Chairman of the Audit Committees

Appointed: 2009
Nationality: Dutch
Other appointments: Member of the Supervisory Boards of Aegon NV, TomTom NV, Koninklijke FrieslandCampina NV and Royal Imtech NV.
Past appointments: Chairman of the Executive Board of KPMG in the Netherlands and a member of the Management Committee of the KPMG International board until his retirement in 2008, having joined KPMG in 1976. Formerly a member of the Supervisory Board of Siemens Nederland NV.

Board Committee Membership

- A Audit Committees: RELX Group plc, Reed Elsevier PLC and Reed Elsevier NV
- R Remuneration Committee: RELX Group plc
- N Nominations Committee: joint Reed Elsevier PLC and Reed Elsevier NV
- C Corporate Governance Committee: joint Reed Elsevier PLC and Reed Elsevier NV

Both of the Executive Directors are directors of RELX Group plc, Reed Elsevier PLC and Reed Elsevier NV.

Marike van Lier Lels is a Non-Executive Director of Reed Elsevier NV. All of the other Non-Executive Directors are directors of RELX Group plc, Reed Elsevier PLC and Reed Elsevier NV.

RELX Group Business Leaders

Senior Business Executives

Mark Kelsey
Chief Executive Officer
Risk & Business Information

Joined in 1989. Appointed CEO Business Information in 2010 and CEO Risk Solutions 2012.

Has held a number of senior positions across the Group over the past 30 years. Studied at Liverpool University and received his MBA from Bradford University.

Mike Rusbridge
Chairman
Exhibitions

Joined in 1994. Appointed to current position in 1996.

Previously President of Reed Exhibitions Europe and Asia and President Reed Exhibitions North America. Prior to that worked with leading US exhibition organiser, Clapp and Poliak. Studied at Manchester University and Harvard Business School.

Mike Walsh
Chief Executive Officer
Legal

Joined in 2003. Appointed to current position in 2011.

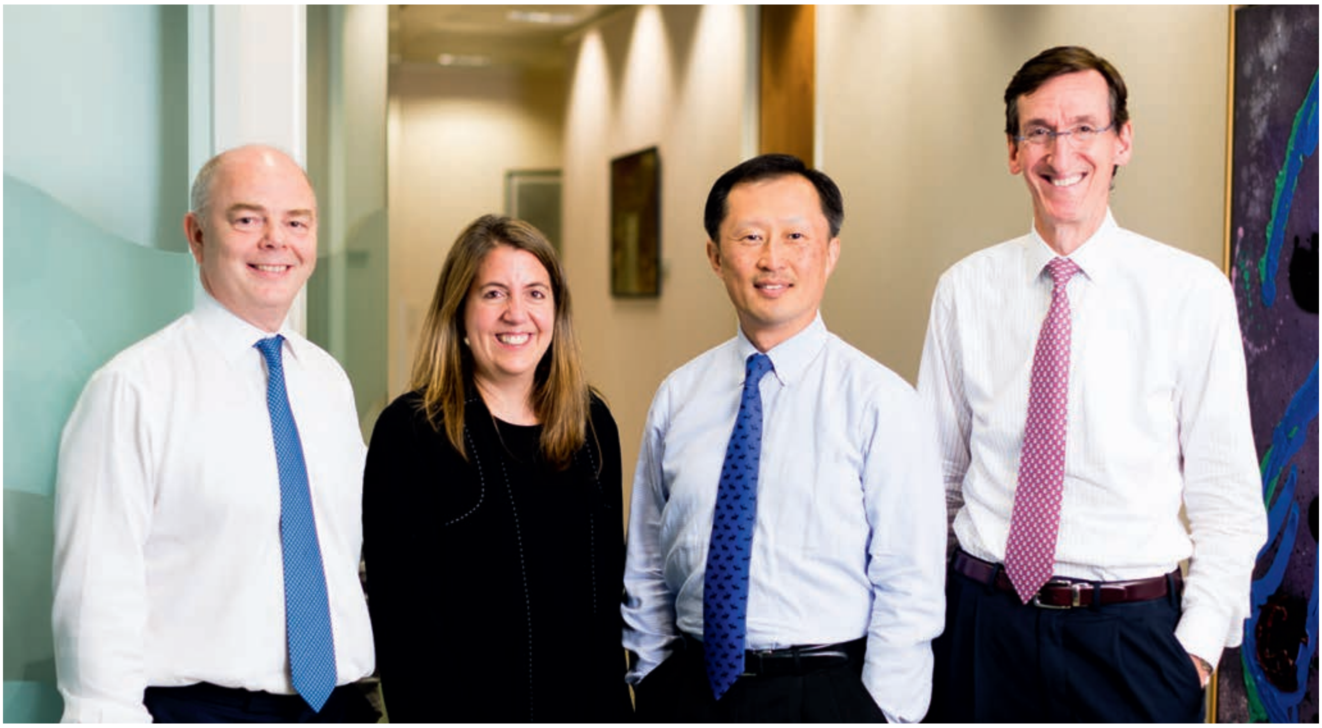
Previously CEO of LexisNexis US Legal Markets and Director of Strategic Business Development Home Depot. Prior to that was a practising attorney at Weil, Gotshal and Manges in Washington D.C. and served as a consultant with The Boston Consulting Group. Holds a Juris Doctor degree from Harvard Law School and is a graduate of Yale University.

Ron Mobed
Chief Executive Officer
Scientific, Technical & Medical

Joined in 2011. Appointed to current position in 2012.

Previously President of Cengage Learning's Academic & Professional Group and Co-President and Co-Chief Operating Officer with information services company, IHS. Holds a degree from Trinity College, Cambridge and a master's degree from Imperial College, London.

Corporate Executives



Ian Fraser
Human Resources Director

Joined in 2005. Appointed to current position at that time.

Previously Global HR Director at BHP Billiton (1998 to 2005). Holds an MBA in Finance and International Business from London's City University and an MA from Edinburgh University. Ian is also a Chartered Psychologist.

Kumsal Bayazit
Chief Strategy Officer

Joined in 2004. Appointed to current position in 2012.

Previously Executive Vice President of Global Strategy and Business Development for LexisNexis Legal and Professional. Prior to that she worked with Bain & Company in New York, Los Angeles, Johannesburg and Sydney. Holds an MBA from Harvard Business School and is a Graduate of the University of California at Berkeley.

Youngsuk "YS" Chi
Director of Corporate Affairs and Chairman Elsevier

Joined in 2005. Appointed to current position in 2011.

Previously he was President and Chief Operating Officer of Random House, founding Chairman of Random House Asia and Chief Operating Officer for Ingram Book Group. Holds an MBA from Columbia University and is a Graduate of Princeton University.

Henry Udow
Chief Legal Officer and Company Secretary

Joined in 2011. Appointed to current position at that time.

Previously Chief Legal Officer and Company Secretary of Cadbury plc having spent 23 years working with the company. Prior to that he worked at Shearman & Sterling in New York and London. Holds a Juris Doctor degree from the University of Michigan Law School and a bachelor's degree from the University of Rochester.

Chairman's introduction to Corporate Governance

"As we evolve and transform our businesses, we are proposing to simplify and modernise our corporate structure to promote greater transparency of shareholders' economic interests in the combined businesses of the Group."

Introduction to Corporate Governance
The Boards of Reed Elsevier PLC, Reed Elsevier NV and RELX Group plc are committed to high standards of corporate governance and believe that such standards are integral to the success of the Group. Our corporate governance arrangements have been updated periodically to ensure they reflect best practice as it has developed. The corporate structure has served the Group well to date, but as the businesses have evolved under our strategy to become an information solutions provider, the Boards considered it an appropriate time to undertake a review of the corporate structure to ensure it remains appropriate for the modern operating environment. The Directors are proposing certain changes which are designed to promote greater transparency of shareholders' economic interests in the combined businesses and comparability between both parent companies' share prices. Importantly, these changes do not affect the economic interests or voting rights of any shareholder. Dividend and capital rights are unchanged. A detailed description of the proposed changes is set out in this introduction.

The Boards have also put in place policies and procedures that promote corporate responsibility, accountability and probity, and include the Group's Code of Ethics and Business Conduct which sets the standard for our corporate and individual behaviour. The Code of Ethics and Business Conduct applies to all Directors and employees of the Group and more information on its application can be found in the Corporate Responsibility section on page 41.

The Group is listed in the UK, the US and the Netherlands and therefore it is subject to corporate governance requirements in those jurisdictions. This Corporate Governance Report describes the Group's governance arrangements and the work of the Boards and their Committees. It is intended to provide shareholders with a clear view of how the Group has complied with the applicable corporate governance codes during the year. Statements with regard to compliance with corporate governance codes and in particular the UK Corporate Governance Code published by the Financial Reporting Council in September 2012 (the UK Code) are set out on page 68.

Board changes and succession
In last year's introduction to Corporate Governance, I reported that Nick Luff had been identified to succeed Duncan Palmer as Chief Financial Officer at a date which was to be determined. I am pleased to report that shareholders approved Nick's appointment at the Annual General Meetings in 2014 and he joined the Boards as Chief Financial Officer in September. Duncan stood down from the Boards in September. I would like to welcome Nick to our Boards and to thank Duncan for his contribution to the Group.

Looking ahead, Lisa Hook, our Senior Independent Director, will have served for nine years as a Non-Executive Director as of this year's Annual General Meetings. Lisa has kindly agreed to serve for a further term of one year to provide continuity while the Nominations Committee leads the process for refreshing the Boards and to ensure there is a smooth transition of responsibilities. I am grateful to Lisa for agreeing to this. Further details of the work of the Nominations Committee are set out in the report on page 74.

Board evaluation
An externally facilitated evaluation of the Boards and their Committees was last undertaken in 2011. In accordance with the UK Code, the Corporate Governance Committee appointed an external facilitator, Lorna Parker, to conduct an independent effectiveness review for 2014. Details of the review, which confirmed that the Boards and their Committees continue to function effectively, are set out on page 69.

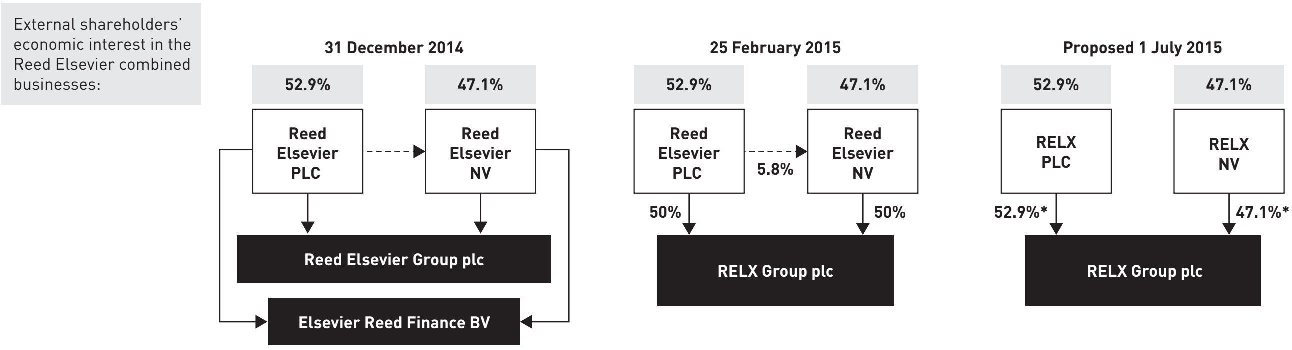
Following the changes to the Boards during the year and taking into account the outcome of the effectiveness review, I believe that the Boards and the Committees operate effectively and have an appropriate balance of skills, experience, independence, knowledge of the Group and diversity to ensure that they continue to do so. Additionally, all of our Directors continue to contribute effectively and are committed to their roles. Therefore, on the recommendation of the Nominations Committee, they will all stand for re-election at the Annual General Meetings in April 2015. The biographical details of each of the Directors are set out on pages 62 and 63.

Simplified, Modernised and More Transparent Corporate Structure, Equalisation Arrangements and Corporate Entity Names
During 2014, the Boards carried out a review of the Group's corporate structure, share listings, equalisation arrangements and corporate entity names to explore ways in which they might be simplified and modernised. Certain changes have recently been made and others are being proposed to shareholders at the Annual General Meetings of Reed Elsevier PLC and Reed Elsevier NV to be held in April 2015. These changes will be cost and profit neutral and none of these changes impact the economic or voting interests of any shareholder. In particular, dividend and capital distribution rights are unaffected. All parent company guarantees over debt are also unaffected.

Corporate Structure
Reed Elsevier PLC and Reed Elsevier NV are separate, publicly-held companies. Through the end of 2014 they jointly owned two companies, Reed Elsevier Group plc and Elsevier Reed Finance BV. Effective 25 February 2015, Reed Elsevier PLC and Reed Elsevier NV transferred their direct ownership interests in Elsevier Reed Finance BV to their jointly owned company Reed Elsevier Group plc and named this newly-combined single group entity RELX Group plc. As a result, RELX Group plc now holds all the Group's businesses, subsidiaries and financing activities. Together Reed Elsevier PLC, Reed Elsevier NV and RELX Group plc (and its subsidiaries and joint ventures) comprise the Reed Elsevier combined businesses.

Shareholders in Reed Elsevier PLC, the London (and New York) publicly listed entity, hold a 52.9% economic interest in the combined businesses. Reed Elsevier PLC owns a 50% direct holding in RELX Group plc and has a 5.8% shareholding in Reed Elsevier NV, the Amsterdam (and New York) publicly listed entity. All other shareholders (other than Reed Elsevier PLC) in Reed Elsevier NV hold a 47.1% economic interest in the combined businesses. In order to simplify the corporate structure and make the respective economic interests of the two parent companies' shareholders more transparent it is being proposed that Reed Elsevier PLC's 5.8% shareholding in Reed Elsevier NV be replaced by a 2.9% direct (non-voting) shareholding in RELX Group plc. As a result, Reed Elsevier PLC's direct equity holding in RELX Group plc will become 52.9% and Reed Elsevier NV's direct equity holding in RELX Group plc will become 47.1%, which aligns with their shareholders' respective economic interests.

Simplification of Corporate Structure
Revised corporate structure, reflecting the changes that became effective 25 February 2015 and those being proposed to shareholders:



*These percentages reflect the respective equity interests of Reed Elsevier PLC and Reed Elsevier NV in RELX Group plc, subject to shareholder approval. Reed Elsevier PLC and Reed Elsevier NV will each continue to have equal voting rights in RELX Group plc, thus retaining the current 50%/50% joint voting control of the combined businesses.

Equalisation Arrangements
Presently the equalisation ratio of Reed Elsevier PLC to Reed Elsevier NV shares is such that one Reed Elsevier NV ordinary share is generally intended to confer equivalent economic interests to 1.538 Reed Elsevier PLC ordinary shares. At its Annual General Meeting in April 2015, Reed Elsevier NV is proposing a resolution to issue additional bonus ordinary shares to existing Reed Elsevier NV shareholders on the basis of 0.538 bonus shares for each share held. If approved by shareholders, this will result in one ordinary share of Reed Elsevier NV conferring equivalent economic interests to one ordinary share of Reed Elsevier PLC. The reduction in the per share economic interests of Reed Elsevier NV shareholders as a result of the increase in the number of Reed Elsevier NV shares will be correspondingly offset by the number of additional shares each Reed Elsevier NV shareholder receives in the bonus issue, leaving the economic interest of each shareholder unchanged. Reed Elsevier PLC and Reed Elsevier NV ADRs on the New York Stock Exchange will also be adjusted so that they each represent one Reed Elsevier PLC or one Reed Elsevier NV ordinary share (from their current 4 to 1 and 2 to 1 ratios) respectively.

By moving from the current 1.538 to 1 to a new 1 to 1 equalisation ratio between Reed Elsevier PLC and Reed Elsevier NV ordinary shares, capital rights (on a per share basis), dividends per share (on a gross basis including, with respect to the dividend on Reed Elsevier PLC ordinary shares, the associated UK tax credit) and adjusted earnings per share all will be readily identifiable as substantially equivalent between ordinary shares as well as their respective ADRs , subject only to the prevailing currency exchange rates between pounds sterling, euros or US dollars. This will also make it simpler to compare the prices of Reed Elsevier PLC and Reed Elsevier NV ordinary shares as well as their respective ADRs.

Subject to shareholder approval of the issuance of additional bonus shares by Reed Elsevier NV, the bonus issue, the changes to the number of Reed Elsevier PLC and Reed Elsevier NV ADRs and the requisite amendments to the Governing Agreement, will all be effective as of 1 July 2015.

Corporate Entity Names
Along with the simplification and modernisation of the corporate structure, the Boards undertook a review of the names of the corporate entities. Following that review, as already noted, the Boards determined that as part of the transfer of ownership of Elsevier Reed Finance BV from Reed Elsevier PLC and Reed Elsevier NV to Reed Elsevier Group plc it was appropriate to name the newly-combined single group entity that holds all businesses, subsidiaries and financing activities, RELX Group plc. The Boards believe this shorter and more modern name reflects the transformation of the Company to a technology, content and analytics driven business while at the same time maintaining the link with its proud heritage. The Boards are proposing to shareholders at the Annual General Meetings in 2015 to also change the corporate names of Reed Elsevier PLC and Reed Elsevier NV to RELX PLC and RELX NV, respectively. There will not be any brand or name changes for any customer-facing products or business units.

Shareholder Approval
As noted, certain of the structural changes and the change of name of the two parent companies, Reed Elsevier PLC and Reed Elsevier NV, will require the approval of shareholders. A more detailed description of the resolutions to be put to the Annual General Meetings of Reed Elsevier PLC and Reed Elsevier NV in April 2015 are set out in the respective Notices of Annual General Meeting.

Anthony Habgood
Chairman
25 February 2015

Corporate Governance

Compliance with codes of best practice
The Boards of Reed Elsevier PLC and Reed Elsevier NV have implemented standards of corporate governance and disclosure policies applicable to companies listed on the stock exchanges of the UK, the US and the Netherlands. The effect of this is that a standard applying to one will, where not in conflict, also be observed by the other.

The Boards of Reed Elsevier PLC and Reed Elsevier NV support the principles and provisions of corporate governance contained in the UK Corporate Governance Code issued by the Financial Reporting Council (FRC) in September 2012 (the UK Code) and those contained in the Dutch Corporate Governance Code issued in December 2008 (the Dutch Code). The FRC published a revised UK Corporate Governance Code in September 2014 (the 2014 Code) which applies to accounting periods beginning on or after 1 October 2014. The Boards expect to comply in full with the 2014 Code during 2015.

This report and the Compliance statement set out below are made in relation to the UK Code. The principles and provisions set out in the UK Code and the Dutch Code have applied throughout the financial year ended 31 December 2014. Reed Elsevier PLC, which has its primary listing on the London Stock Exchange, has complied throughout the year with the UK Code. Reed Elsevier NV, which has its primary listing on the Euronext Amsterdam Stock Exchange, has also complied throughout the year with the UK Code, and subject to limited exceptions, as explained in the Reed Elsevier NV Report of the Board on pages 167 and 168, has applied the best practice provisions of the Dutch Code. The ways in which Reed Elsevier PLC and Reed Elsevier NV have applied the main principles of the UK Code are described below. For further information on the application of the Dutch Code by Reed Elsevier NV, see the Corporate Governance Statement of Reed Elsevier NV published on the website, www.relxgroup.com.

Business model
As required by Provision C.1.2 of the UK Code, pages 2 to 60 describe the business and the progress made in 2014 against the Group's long-term business priorities, aimed at delivering better outcomes for our customers and creating value for the Group and shareholders.

Shareholder engagement
Reed Elsevier PLC and Reed Elsevier NV participate in regular dialogue with institutional shareholders. Presentations on the combined businesses are made by the Chairman, Chief Executive Officer and Chief Financial Officer following the announcement of the interim and full-year results and these are simultaneously webcast. A conference call with investors was also held following the third quarter Interim Management Statement. The Chief Executive Officer, the Chief Financial Officer and the investor relations team meet institutional shareholders on a regular basis and the Chairman also makes himself available to major institutions as appropriate. A trading update is provided ahead of the Annual General Meetings of the two companies and towards the end of the financial year through Interim Management Statements. The interim and annual results announcements and presentations, together with the Interim Management Statements, other important announcements and corporate governance documents concerning the Group, are published on the website, www.relxgroup.com. In accordance with the provisions of the Dutch Code, Reed Elsevier NV has adopted a bilateral shareholder contact policy, which is also published on the website. The Boards of Reed Elsevier PLC and Reed Elsevier NV commission periodic reports on the attitudes and views of the companies' institutional shareholders and the results are presented to the respective Boards.

Both Reed Elsevier PLC and Reed Elsevier NV offer electronic voting facilities in relation to proxy voting at shareholder meetings. The Annual General Meetings provide an opportunity for the Boards to communicate with individual shareholders. The Chairman, the Chief Executive Officer, the Chief Financial Officer, the chairmen of the Board Committees, other Directors and a representative of the external auditors are available to answer questions from shareholders.

Board induction and information
Following appointment and as required, Directors receive training appropriate to their level of experience and knowledge. This includes the provision of a comprehensive briefing pack and a tailored induction programme so as to provide newly-appointed Directors with information about the Group's businesses and other relevant information to assist them in performing their duties. Non-Executive Directors are encouraged to visit the Group's businesses to meet management and senior staff.

Since joining the Group as Chief Financial Officer, Nick Luff has undertaken an extensive induction programme, designed to ensure familiarisation with the Group's businesses, people, and governance and control processes. This programme has included site visits to the Group's operating businesses, internal briefings from senior management and their teams, and external meetings with corporate advisers and major investors. Mr Luff's familiarisation programme will continue in the coming year with further site visits and meetings with senior management and advisers.

All Directors have full and timely access to the information required to discharge their responsibilities fully and efficiently. They have access to the services of the respective company secretaries, other members of the Group's management and staff, and external advisers. Directors may take independent professional advice in the furtherance of their duties, at the relevant company's expense.

In addition to scheduled Board and Board Committee meetings held during the year, the Directors attend other meetings and site visits. Where a Director is unable to attend a Board or Board Committee meeting he or she is provided with all relevant papers and information relating to that meeting and is able to discuss issues arising with the respective chairman and other Board and Committee members.

Board evaluation

In 2014, the Corporate Governance Committee appointed an external facilitator to carry out an independent effectiveness review of the Boards and their Committees. The facilitator was Lorna Parker, an independent practitioner with no other connection to the Group. Ms Parker's review took the form of structured interviews with Directors and the company secretaries, supported by individual questionnaires completed by all participants. Access to Board and Committee papers for the prior 12 months was provided to Ms Parker.

The review explored key areas, including:

- Board performance and effectiveness of decision-making
- Board composition and succession planning
- Talent management and executive leadership succession
- Risk management, corporate governance and compliance
- Agenda planning and quality of information provided by management
- Committee effectiveness

The principal findings and recommendations from the review were discussed with the Chairman and Senior Independent Director, following which they were presented to a meeting of the Boards.

The review of the performance of the Chairman of the Boards was led by the Senior Independent Director. The Chairman of the Boards was not present during a discussion by the Non-Executive Directors as it related to him.

The review confirmed that overall, the Directors believe that the Boards remain effective, are committed and engaged with a diverse mix of complementary and relevant skills and perspectives. Themes demonstrating the effectiveness of the Boards included: alignment on strategy, objectives, risks and the role of the Boards; well-structured meeting agendas with good allocation of Board time; efficient and thorough Board processes; and well-chaired Committees with good linkages to the Boards. All Directors commented on the Chairman's effective style, noting he continues to foster a supportive and cohesive yet disciplined culture that encourages open dialogue. Areas for Board focus in 2015 included further refining the Boards' time allocation, increasing its involvement in talent management, and continuing its engagement with individual business areas and their strategies through senior management dialogue.

Based on the findings of the external effectiveness review, the Corporate Governance Committee believes that the Boards and their Committees function effectively and collaboratively and with an appropriate level of engagement with management. The Committee also believes that the performance of each Director continues to be effective and that they demonstrate commitment to their respective roles. The review confirmed that good progress is being made in response to the prior year's recommendations to ensure that the Boards continue to monitor the level of detail provided to and balance of focus by the Boards between financial data and strategic matters.

Areas of significant skills and expertise of the Non-Executive Directors on the Boards

	Percentage of the Non-Executive Directors
Knowledge of corporate governance issues for listed companies	100
Operational experience in the Group's main geographical markets	100
Management of human resources, selection and remuneration of executives	100
Corporate responsibility	100
Corporate strategy and organisation	100
Marketing, customer relations	88
Legal matters	88
Financial and organisational audit	75
Executive board experience in a large international listed company	63
Operational experience with telecommunications/information technology, electronic publishing	63
Operational experience in the Group's product markets	38
Banking, tax and corporate finance	38

The Boards

The Boards of Reed Elsevier PLC, Reed Elsevier NV and RELX Group plc are harmonised. All of the Directors of RELX Group plc are also Directors of Reed Elsevier PLC and Reed Elsevier NV. Reed Elsevier NV may nominate for appointment to the Board up to two Non-Executive Directors who are not appointed to the Boards of either Reed Elsevier PLC or RELX Group plc. Currently, one such Director, Marike van Lier Lels, has been appointed to the Board of Reed Elsevier NV. The names, nationalities and biographical details of each Director at the date of this report appear on pages 62 and 63.

The Boards of Reed Elsevier PLC, Reed Elsevier NV and RELX Group plc are unitary boards. The implementation of a unitary board structure at Reed Elsevier NV was approved at its Annual General Meeting in April 2013, following the enactment of legislation to formalise the unitary board governance structure in the Netherlands Civil Code.

There is a schedule of matters reserved to the Boards and approved delegated authorities to the Chief Executive Officer and other senior executives. There is a clear separation of the roles of the Chairman and the Chief Executive Officer which are set out in writing.

The Boards of Reed Elsevier PLC, Reed Elsevier NV, RELX Group plc (and, with respect to Elsevier Reed Finance BV, until the transfer of its ownership to RELX Group plc on 25 February 2015) each comprise a balance of Executive and Non-Executive Directors who bring a wide range of skills and experience to the deliberations of the Boards. The Boards of Reed Elsevier PLC and Reed Elsevier NV review the independence of the Non-Executive Directors every year, based on the criteria for independence set out in the UK Code. The UK Code does not consider the Chairman to be independent due to the unique role he has in corporate governance. Notwithstanding this, Anthony Habgood met the independence criteria contained in the UK Code when he was appointed Chairman in 2009. The Boards consider all Non-Executive Directors (other than the Chairman) to be independent of management and free from any business or other relationship which could materially interfere with their ability to exercise independent judgement.

Notwithstanding that Lisa Hook will, at the time of the forthcoming Annual General Meetings, have served on the Boards for nine years, she will stand for re-election and, if re-elected, will serve for a further term of one year. The Boards have determined that Ms Hook remains independent in character and judgement despite her length of service and there are no relationships or circumstances which are likely to affect her independent judgement. The Boards believe that this will allow for an orderly transition of responsibilities.

The Boards of Reed Elsevier PLC and Reed Elsevier NV have appointed Lisa Hook to act as Senior Independent Director, who is available to meet with institutional shareholders and assist in resolving concerns in cases where alternative channels are deemed inappropriate. The Senior Independent Director also leads the annual assessment of the performance of the Chairman of Reed Elsevier PLC and Reed Elsevier NV. A profile, which identifies the skills and experience of the Non-Executive Directors of Reed Elsevier PLC and Reed Elsevier NV, is set out on page 69 and is available on the website, www.relxgroup.com.

Reed Elsevier PLC and Reed Elsevier NV shareholders maintain their rights to appoint individuals to the respective Boards in accordance with the provisions of the articles of association of these companies. Subject to this, no individual may be appointed to the Boards of Reed Elsevier PLC, Reed Elsevier NV or RELX Group plc unless recommended by the joint Nominations Committee. Members of the Committee abstain when their own re-appointment is being considered.

As a general rule, letters of appointment in respect of Non-Executive Directors of Reed Elsevier PLC and Reed Elsevier NV provide that individuals will serve for an initial term of three years, and are typically expected to serve two three-year terms, although the Boards may invite an individual to serve for an additional period of three years.

The respective articles of association of Reed Elsevier PLC and Reed Elsevier NV provide that all Directors should be subject to retirement at least every three years and are then able to make themselves available for re-election by shareholders at subsequent Annual General Meetings. Notwithstanding the provisions of the articles of association, it is the Boards' policy to comply with the recommendations contained in the UK Code, and all Directors will seek re-election by shareholders annually.

Board changes

Changes during the year in the composition of the Boards of Reed Elsevier PLC, Reed Elsevier NV and RELX Group plc are set out in the table on page 71.

Having given notice of his resignation in 2013, Duncan Palmer stepped down as Chief Financial Officer and as a Director during September 2014. At the time of his resignation, the Nominations Committee retained an external search consultancy to conduct a rigorous search process in conjunction with the Boards to identify a suitable candidate to succeed Mr Palmer. Following the conclusion of the search process and on the recommendation of the Nominations Committee, the Boards selected Nick Luff and recommended his election to shareholders. Mr Luff's election was approved by shareholders at the Annual General Meetings in April 2014 and he joined the Boards as Chief Financial Officer on 1 September 2014. His biography is set out on page 62.

In accordance with the UK Code, all Directors will retire from the Boards of Reed Elsevier NV and Reed Elsevier PLC at the respective Annual General Meetings and, being eligible, will offer themselves for re-election. Based on the review of performance and effectiveness made by the Corporate Governance Committee of each individual seeking re-election, the Boards have accepted a recommendation from the Nominations Committee that each Director be proposed for re-election at the 2015 Annual General Meeting of the respective company.

In accordance with the articles of association of Reed Elsevier PLC, Directors are normally subject to election by shareholders at the first Annual General Meeting following their appointment by the Board.

Board Attendance

The following tables show the attendance of Directors at Board meetings for the year. Attendance is expressed as the number of meetings attended out of the number eligible to be attended.

	Reed Elsevier PLC	Reed Elsevier NV	RELX Group plc
Anthony Habgood (Chairman)	6/6	6/6	7/7
Erik Engstrom	6/6	6/6	7/7
Nick Luff [1]	2/2	2/2	3/3
Wolfhart Hauser	6/6	6/6	7/7
Adrian Hennah	5/6	5/6	6/7
Lisa Hook	6/6	6/6	7/7
Marike van Lier Lels [2]	6/6	6/6	7/7
Duncan Palmer [3]	4/4	4/4	4/4
Robert Polet	4/6	4/6	5/7
Linda Sanford	6/6	6/6	6/7
Ben van der Veer	6/6	6/6	7/7

(1) Appointed to the Boards on 1 September 2014
(2) As a Reed Elsevier NV Director, Ms van Lier Lels attended the Board meetings of Reed Elsevier PLC and RELX Group plc; however, she is not a Director of those companies, is not counted in the quorum and does not vote on matters relating to those companies
(3) Resigned from the Boards on 24 September 2014

Throughout 2014, Elsevier Reed Finance BV had a two-tier board structure comprising a Supervisory Board and a Management Board. The Supervisory Board was chaired by Marike van Lier Lels who succeeded Rudolf van den Brink as Chairman in July 2014 and, in addition, consisted of Nick Luff and Ben van der Veer. The Management Board consisted of Gerben de Jong, Alberto Romaneschi and Jans van der Woude.

	Elsevier Reed Finance BV
Rudolf van den Brink [1]	2/2
Gerben de Jong	3/3
Marike van Lier Lels	3/3
Nick Luff [2]	1/1
Duncan Palmer [3]	2/2
Alberto Romaneschi	3/3
Ben van der Veer	3/3
Jans van der Woude	3/3

(1) Resigned from the Supervisory Board on 21 July 2014
(2) Appointed to the Supervisory Board on 1 September 2014
(3) Resigned from the Supervisory Board on 24 September 2014

Board Committees

In accordance with the principles of good corporate governance, the following Committees have been established by the respective Boards. All of the Committees have written terms of reference, which are published on the website, www.relxgroup.com. Membership of each Committee and attendance during the year are set out below. Attendance is expressed as the number of meetings attended out of the number eligible to be attended.

Audit Committees

The Boards of Reed Elsevier PLC, Reed Elsevier NV and RELX Group plc have established Audit Committees. The Committees comprise only independent Non-Executive Directors and are chaired by Ben van der Veer. A report of the Audit Committees, setting out their role and main activities during the year, appears on pages 89 and 90.

Ben van der Veer (Committee Chairman)	5/5
Adrian Hennah	5/5
Linda Sanford	5/5

The functions of an audit committee in respect of the financing activities were carried out by the Supervisory Board of Elsevier Reed Finance BV.

Remuneration Committee

The Board of RELX Group plc has established a Remuneration Committee, which is responsible for considering the remuneration of the Executive Directors and the Chairman. The Committee comprises only Non-Executive Directors and is chaired by Wolfhart Hauser. A Directors' Remuneration Report, which has been approved by the Boards of RELX Group plc, Reed Elsevier PLC and Reed Elsevier NV, appears on pages 75 to 88. This report serves as disclosure of the Annual Remuneration Report which contains the remuneration of the Directors and their interests in the shares of the two parent companies, Reed Elsevier PLC and Reed Elsevier NV.

Wolfhart Hauser (Committee Chairman)	3/3
Anthony Habgood	3/3
Lisa Hook	3/3
Robert Polet	2/3

Nominations Committee

The Boards of Reed Elsevier PLC and Reed Elsevier NV have established a joint Nominations Committee. The Committee comprises only Non-Executive Directors, and is chaired by Anthony Habgood. A report of the Nominations Committee, setting out its role and main activities during the year, appears on page 74.

Anthony Habgood (Committee Chairman)	4/4
Lisa Hook	4/4
Ben van der Veer	4/4

Corporate Governance Committee

The Boards of Reed Elsevier PLC and Reed Elsevier NV have established a joint Corporate Governance Committee, which is responsible for reviewing ongoing developments and best practice in corporate governance. The Committee is also responsible for assessing the performance of the Directors and recommending the structure and operation of the various Committees of the Boards and the qualifications and criteria for membership of each committee. The Committee comprises only Non-Executive Directors and is chaired by Anthony Habgood.

Anthony Habgood (Committee Chairman)	5/5
Wolfhart Hauser	5/5
Adrian Hennah	5/5
Lisa Hook	5/5
Marike van Lier Lels	5/5
Robert Polet	5/5
Linda Sanford	4/5
Ben van der Veer	5/5

Internal control

Parent companies

The Boards of Reed Elsevier PLC and Reed Elsevier NV have each adopted a schedule of matters which are required to be brought to them for decision. During 2014 the Boards of Reed Elsevier PLC and Reed Elsevier NV exercised independent supervisory roles over the activities and systems of internal control of Reed Elsevier Group plc and Elsevier Reed Finance BV. In relation to Reed Elsevier Group plc and Elsevier Reed Finance BV, the Boards of Reed Elsevier PLC and Reed Elsevier NV approved the strategy and the annual budgets, and received regular reports on the operations, including the treasury and risk management activities of the two companies. Major transactions proposed by the Boards of Reed Elsevier Group plc or Elsevier Reed Finance BV required the approval of the Boards of both Reed Elsevier PLC and Reed Elsevier NV.

The Reed Elsevier PLC and Reed Elsevier NV Audit Committees met on a regular basis to review the systems of internal control and risk management of Reed Elsevier Group plc and Elsevier Reed Finance BV.

Effective 25 February, Reed Elsevier PLC and Reed Elsevier NV transferred their direct ownership interests in Elsevier Reed Finance BV to their jointly-owned company, Reed Elsevier Group plc and named this newly combined single group entity RELX Group plc. As a result, RELX Group plc now holds all businesses, subsidiaries and financing activities (including Elsevier Reed Finance BV).

In the future, Elsevier Reed Finance BV and its subsidiaries will be subject to the framework of procedures and controls established by RELX Group plc and the Audit Committee of RELX Group plc will review, on a regular basis, the system of internal control and risk management of Elsevier Reed Finance BV and its subsidiaries.

Operating companies

The Board of RELX Group plc is responsible for the system of internal control of the the Group and reviewing the effectiveness of such systems. While the Boards of Elsevier Reed Finance BV were responsible for the system of internal control in respect of the finance group activities during 2014 and reviewing the effectiveness of such systems, the responsibility transferred to RELX Group plc with effect from 25 February 2015.

The Boards of Reed Elsevier Group plc and Elsevier Reed Finance BV each implemented an ongoing process for identifying, evaluating, monitoring and managing the principal risks faced by their respective businesses. These processes were in place throughout the year ended 31 December 2014 and up to the date of the approvals of the Annual Reports and Financial Statements 2014.

RELX Group plc

RELX Group plc has an established framework of procedures and internal controls, with which the management of each business is required to comply. Group businesses are required to maintain systems of internal control which are appropriate to the nature and scale of their activities and address all significant strategic, operational, financial and legal compliance risks that they face. The Board of RELX Group plc has adopted a schedule of matters that are required to be brought to it for decision.

RELX Group plc has a Code of Ethics and Business Conduct that provides a guide for achieving its business goals and requires officers and employees to behave in an open, honest, ethical and principled manner. The Code also outlines confidential procedures enabling employees to report any concerns about compliance, or about the Group's financial reporting practice. The Code is published on the website, www.relxgroup.com.

Each business area has identified and evaluated its principal risks, the controls in place to manage those risks and the levels of residual risk accepted. Risk management and control procedures are embedded into the operations of the business and include the monitoring of progress in areas for improvement that come to management and board attention. The principal risks facing the Group are set out on pages 58 to 60.

The principal risks facing the RELX Group plc businesses are regularly reported to and assessed by the Board and Audit Committee. With the close involvement of business management and central functions, the risk management and control procedures ensure that the Group is managing its business risks effectively and in a co-ordinated manner across the business with clarity on the respective responsibilities and interdependencies. Litigation and other legal regulatory matters are managed by legal directors in Europe and the US.

The RELX Group plc Audit Committee receives regular reports on the identification and management of material risks and reviews these reports. The Audit Committee also receives regular reports from both internal and external auditors on internal control and risk management matters. In addition, each business area is required, at the end of the financial year, to review the effectiveness of internal controls and risk management and report its findings on a detailed basis to the management of RELX Group plc. These reports are summarised and, as part of the annual review of effectiveness, submitted to the Audit Committee of RELX Group plc. The Chairman of the Audit Committee reports to the Board on any significant internal control matters arising.

Elsevier Reed Finance BV

During 2014, Elsevier Reed Finance BV had established policy guidelines, which were applied to all Elsevier Reed Finance BV companies. The respective Boards of Elsevier Reed Finance BV adopted schedules of matters required to be brought to them for decision. Procedures are in place for monitoring the activities of the finance group, including a comprehensive treasury reporting system. The principal risks affecting the finance group have been identified and evaluated and are subject to regular review. The controls in place to manage these risks and the level of residual risk accepted were monitored by the Boards. In future, these will be monitored by the Audit Committee of RELX Group plc.

Annual review

As part of the year-end procedures, the Audit Committees and Boards of Reed Elsevier PLC, Reed Elsevier NV, RELX Group plc and Elsevier Reed Finance BV reviewed the effectiveness of the systems of internal control and risk management during the last financial year. The objective of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives. Accordingly, they can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Boards have confirmed, subject to the above, that as regards financial reporting risks, the respective risk management and control systems provide reasonable assurance against material inaccuracies or loss and have functioned properly during the year.

Responsibilities in respect of the financial statements

The Directors of Reed Elsevier PLC, Reed Elsevier NV, RELX Group plc and Elsevier Reed Finance BV are required to prepare financial statements as at the end of each financial period, in accordance with applicable law and regulations, which give a true and fair view of the state of affairs, and of the profit or loss, of the respective companies and their subsidiaries, joint ventures and associates. They are responsible for maintaining proper accounting records, for safeguarding assets, and for taking reasonable steps to prevent and detect fraud and other irregularities. The Directors are also responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates that are prudent and reasonable.

Applicable accounting standards have been followed and the Reed Elsevier combined financial statements, which are the responsibility of the Directors of Reed Elsevier PLC and Reed Elsevier NV, are prepared using accounting policies which comply with International Financial Reporting Standards.

Having taken into account all the matters considered by the Boards and brought to the attention of the Boards, the Directors are satisfied that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

Going concern

The Directors of Reed Elsevier PLC and Reed Elsevier NV, having made appropriate enquiries, consider that adequate resources exist for the combined businesses to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the 2014 financial statements. In reaching this conclusion, the Directors of Reed Elsevier PLC and Reed Elsevier NV have had due regard to the combined businesses' financial position as at 31 December 2014, the strong free cash flow of the combined businesses, the Group's ability to access capital markets and the principal risks facing the Group.

A commentary on the combined businesses' cash flows, financial position and liquidity for the year ended 31 December 2014 is set out in the Chief Financial Officer's report on pages 50 to 57. This shows that after taking account of available cash resources and committed bank facilities that back up short-term borrowings, all of the Group's borrowings that mature within the next two years can be covered. The Group's policies on liquidity, capital management and management of risks relating to interest rate, foreign exchange and credit exposures are set out on pages 120 to 123. The principal risks facing the Group are set out on pages 58 to 60.

US certificates

As required by Section 302 of the US Sarbanes-Oxley Act 2002 and by related rules issued by the US Securities and Exchange Commission, the Chief Executive Officer and Chief Financial Officer of Reed Elsevier PLC and of Reed Elsevier NV certify in the respective Annual Reports 2014 on Form 20-F to be filed with the Commission that they are responsible for establishing and maintaining disclosure controls and procedures and that they have:

- designed such disclosure controls and procedures to ensure that material information relating to the Group is made known to them
- evaluated the effectiveness of the Group's disclosure controls and procedures
- based on their evaluation, disclosed to the Audit Committees and the external auditors all significant deficiencies in the design or operation of disclosure controls and procedures and any frauds, whether or not material, that involve management or other employees who have a significant role in the Group's internal controls; and
- presented in the Reed Elsevier Annual Report 2014 on Form 20-F their conclusions about the effectiveness of the disclosure controls and procedures

A Disclosure Committee, comprising the company secretaries of Reed Elsevier PLC and Reed Elsevier NV and other senior managers of the Group, provides assurance to the Chief Executive Officer and Chief Financial Officer regarding their Section 302 certifications.

Section 404 of the US Sarbanes-Oxley Act 2002 requires the Chief Executive Officer and Chief Financial Officer of Reed Elsevier PLC and of Reed Elsevier NV to certify in the respective Annual Reports 2014 on Form 20-F that they are responsible for maintaining adequate internal control structures and procedures for financial reporting and to conduct an assessment of their effectiveness. The conclusions of the assessment of internal control structures and financial reporting procedures, which are unqualified, are presented in the Reed Elsevier Annual Report 2014 on Form 20-F.

Report of the Nominations Committee

This report has been prepared by the joint Nominations Committee of Reed Elsevier PLC and Reed Elsevier NV and has been approved by the respective Boards.

Committee membership
The Committee comprises only Non-Executive Directors, and is chaired by Anthony Habgood. The other members are Lisa Hook and Ben van der Veer. The Committee met four times during the year.

Role of the Committee
The principal role of the Committee is to provide assistance to the Boards of Reed Elsevier PLC, Reed Elsevier NV and RELX Group plc by identifying individuals qualified to become Directors and recommending to the Boards the appointment of such individuals. The responsibilities of the Committee are set out in written terms of reference (available at www.relxgroup.com) and include:

(i) to keep under review the size and composition of the Boards

(ii) to develop and agree the specification for the recruitment of new directors

(iii) to procure the recruitment of new directors

(iv) to recommend to the Boards the appointment of candidates subject, where appropriate, to the approval of shareholders of Reed Elsevier PLC and Reed Elsevier NV

(v) to recommend Directors to serve on the Committees of the Boards, having regard to the criteria for service on each committee as set out in the terms of reference for such committees, and to recommend members to serve as the Chair of those committees

(vi) to make recommendations to the Boards in relation to the election or re-election of Directors at the Annual General Meetings of Reed Elsevier PLC and Reed Elsevier NV; and

(vii) to review and make recommendations to the Boards in relation to any Directors' actual or potential conflicts of interest

Composition of the Boards
During the year, the Committee focused on succession planning in relation to the future retirement of long-serving Non-Executive Directors from the Boards, to ensure that, as the Boards are refreshed, an appropriate level of experience and knowledge of the Group is maintained and to allow for an orderly transition of responsibilities.

The Committee has established a formal, rigorous and transparent procedure for the recruitment of candidates to the Boards and recommendations by the Committee are made on the basis of a candidate's merit, against objective criteria and with due regard for the benefits of diversity. The Committee undertook a review of the composition of the Boards, focusing on the balance of skills, experience, independence, knowledge of the Group and diversity, including gender. The Committee also took into account the Group's strategy to transform the business into a professional information solutions provider. Following that review, the Committee drew up a profile of necessary attributes for potential candidates as Non-Executive Directors.

The Committee also recommended to the Boards the re-election of the Directors and in doing so took into account the outcome of the Board evaluation. Details of the 2014 Board evaluation can be found on page 69.

The Boards continued to meet their aspirational goals – set in response to the Davies Review, "Women on Boards" – that the Reed Elsevier NV Board would be comprised of 30% women and the Reed Elsevier PLC Board would be comprised of 22% women. During 2014, the Committee continued to monitor the composition of the Boards against these aspirational goals while taking into account the benefits of diversity more generally. Further details of the Group's approach to diversity and inclusion in its workforce can be found in the Corporate Responsibility Report on page 42.

Directors' Remuneration Report

The Directors' Remuneration Report (the Report) describes how the Group applies the principles of good governance relating to Directors' remuneration. This Report has been prepared by the Remuneration Committee of RELX Group plc in accordance with the UK Corporate Governance Code, the UK Listing Rules, the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the UK Regulations) and the Dutch Corporate Governance Code (the Dutch Code).

The Report was approved by the Boards of Reed Elsevier PLC, Reed Elsevier NV and RELX Group plc. The Remuneration Policy was approved by shareholders at the 2014 Annual General Meeting of Reed Elsevier PLC for three years. The policy can be found at http://www.relxgroup.com/go/remunerationpolicy or on pages 79 to 85 of the 2013 Remuneration Report.

Reed Elsevier PLC shareholders will be invited to vote on our 2014 Annual Remuneration Report (by way of a non-binding advisory vote) at the 2015 Annual General Meeting of Reed Elsevier PLC.

The audited sections of the Report are clearly marked.

Introduction from Remuneration Committee Chairman

As you will read elsewhere in this Annual Report, 2014 was another good year of progress for the company. Management continued to transform the business into a global professional information solutions provider that delivers improved outcomes for professional customers across industries. The business helps customers make better decisions, get better results and be more productive. This is achieved by leveraging a deep understanding of the business' customers to create innovative solutions which combine content and data with analytics and technology in global platforms. Management continues to build leading positions in long-term global growth markets, primarily through organic investment supplemented by selective acquisitions where the business is the natural owner and can accelerate the strategy with good returns. It continues to divest assets that do not have the potential for significant future value creation for the business.

By consistently following this strategy over a five-year period management has improved the business profile of the Group and the quality of earnings. This has led to more predictable revenues, a higher growth profile and improving returns. This longer term performance is reflected in the earnings per share (EPS), return on invested capital (ROIC) and total shareholder return (TSR) outcomes under the five-year Reed Elsevier Growth Plan (REGP).

The second and final performance period of the one-off, discontinued REGP ended on 31 December 2014 and the second tranche of the award vested. The plan was introduced in 2010 during a challenging and volatile business environment and in the context of a newly appointed Chief Executive Officer (CEO). The company's underlying revenues had declined, constant currency earnings had declined and Reed Elsevier PLC's and Reed Elsevier NV's share prices were flat for 2009 (in contrast to 22% and 36% increases in the FTSE100 and AEX indices respectively).

Given the late cycle impact of the global economic crisis on the business's professional markets and the then recent acquisition of the ChoicePoint business, the Remuneration Committee (the Committee) determined at the time that prior multi-year plans for the Executive Directors no longer were best positioned to meet long-term shareholder interests. Following consultations with over 30 major shareholders and shareholder representative bodies, the Committee determined that a balanced pursuit of sustained earnings growth, return on invested capital and shareholder returns was more appropriate. To achieve this objective, a one-off, five-year plan was implemented, focused on EPS growth, ROIC and TSR with one-third of the award based on each measure. The performance targets, put in place in the context of a volatile business and economic climate in 2010, were stretching.

Since the inception of the REGP, average growth in adjusted earnings per share for the two performance periods under the plan were 7% and 8.5%, ROIC increased from 10.4% to 12.8% and the Reed Elsevier PLC and Reed Elsevier NV share prices more than doubled, significantly outperforming applicable local indices and comparators, adding over £11bn in combined market capitalisation.

The five-year REGP operated in two tranches. The performance share award with respect to the first tranche vested in H1 2013 at 66.8% and the second tranche vested on 27 February 2015 at 86%, with TSR targets having been almost fully achieved with respect to the second tranche and EPS and ROIC around the middle of the target range. Since the plan was designed to target and reward performance over a five-year period (2010-2014), performance and total payout need to be assessed over that entire period.

Since 2013 the CEO was the only remaining participant in the REGP and no other awards have been or will be granted under the plan. As intended when it was originally adopted, the CEO again participates in rolling annual grants of three-year performance cycle LTIP awards, with awards vesting, subject to performance, commencing in 2016.

2014 annual incentive payments to the Executive Directors were just above target and ROIC and EPS performance in respect of the 2012-14 cycle of the BIP (Bonus Investment Plan) and the ESOS (Executive Share Option Scheme) resulted in respective outcomes for the CEO close to and at the full amount of the original awards.

Duncan Palmer's employment with the Group terminated on 24 September 2014 in accordance with the terms previously disclosed in the 2013 Remuneration Report.

Nick Luff joined the Group during the year and the performance shares with a 2013-2014 performance period, which were awarded to him on joining as part compensation for forfeited entitlements from previous employment, vested in full.

As we are not proposing any changes to the Remuneration Policy which was approved by shareholders in April 2014, it will continue to apply unchanged for 2015.

In line with increases for the wider employee population, the Remuneration Committee has approved 2015 salary increases for the Executive Directors of 2.5%.

This year's Report has been prepared in a manner which balances the specific local requirements of the UK Regulations and the Dutch Code with the desire to provide additional information which may be helpful to our broader investor base.

Wolfhart Hauser
Chairman, Remuneration Committee

Annual Remuneration Report

Single Total Figure of Remuneration – Executive Directors (audited)

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		Short-term employee benefits			Share based awards		Pension		Total	
£'000		Salary	Benefits [5]	Annual Incentive	UK statutory basis [1,2,4,7]	Dutch Civil Code basis [3]	UK statutory basis [2]	Dutch Civil Code basis [3]	UK statutory basis [1,2]	Dutch Civil Code basis [3]
Erik Engstrom	2014	1,104	29	1,170	13,181	3,943	692	562	16,176	6,808
	2013	1,077	28	1,134	2,472	3,300	719	528	5,430	6,067
Nick Luff [6]	2014	217	5	685	1,371	1,341	65	65	2,343	2,313
Duncan Palmer	2014	442	202	0	0	0	84	84	728	728
	2013	600	230	609	0	598	114	114	1,553	2,151

(1) The 2014 figure includes the vesting of the second and final tranche of the discontinued REGP.

(2) **UK statutory basis (columns (d), (f) and (h)):** These figures are calculated in accordance with the methodology set out in the BIS Regulations. They include, for performance-related Share based awards, the value attributable to share price appreciation since the date the award was granted. In the case of the CEO's figures, the amount included that relates to share price appreciation is £1.5m for 2013 and £7.6m for 2014.

(3) **Dutch Civil Code basis (columns (e), (g) and (i)):** These figures comply with the requirements of the Dutch Civil Code. The figures for Share based awards comprise the multi-year incentive charges in accordance with IFRS2 – Share based Payment. These IFRS2 charges do not reflect the actual value received on vesting. The figures for pensions reflect the cost of pension provision which comprises (i) for defined benefit schemes, the transfer value of the increase in accrued pension during the year (net of inflation, Directors' contributions and participation fee) based on the factors and basis applicable prior to the introduction of the new UK statutory basis in 2013 and (ii) for defined contribution schemes, payments made to the scheme or to the Executive Director in lieu of pension.

(4) **Share based awards for Erik Engstrom (columns (d) and (e)):** The figure for 2013 in column (d) was based on an estimate and has been restated in this Report to reflect the amount vested and the share prices and foreign exchange rates on the vesting dates of the 2011-13 cycle of BIP and ESOS. The vesting percentages under these plans were determined on 28 February 2014 and were in line with those disclosed on page 87 in the 2013 Remuneration Report. Using the share prices and exchange rates on the vesting dates increased the 2013 disclosed figure by £5,651 (from £2,466,655 to £2,472,306). The 2014 figures reflect the vesting of the matching shares under the final tranche of the REGP measured over the 2010-14 period and the 2012-14 cycle of BIP and ESOS, both measured over the 2012-14 period. As the REGP matching shares and BIP vest after the approval date of the Report and ESOS vests in May 2015, the average share prices and foreign exchange rates for the last quarter of 2014 have been used to arrive at an estimated figure under the UK statutory basis in respect of these awards. The amount attributable to the vesting of the final tranche of the REGP in the UK statutory basis 2014 Share based awards figure is £9m. The Share based awards figure includes the dividend equivalent payments paid out in cash in 2015 on the REGP matching shares and the BIP. The proportion of the value of the CEO's Share based awards under the UK statutory basis that relates to share price appreciation between the dates of grant and vesting is 59% (or £1.5m) for 2013 and 57% (or £7.6m) for 2014 using, as required, the average share prices for the last quarter of 2014.

(5) **Benefits:** Each Executive Director receives a car allowance, private medical/dental insurance and the company meets the cost of tax return preparation. In respect of Duncan Palmer, the figure also includes a cash adjustment payment of £162,906 that was contractually due to him on termination relating to the pro-rated restricted share award released to him and legal expenses of £2,760 met by Reed Elsevier in connection with his loss of office arrangement. Following his termination date, although not reflected in the 2014 figure, he received a cash payment of £75,117, representing dividend equivalents on his pro-rated restricted shares granted in 2012. All payments are in accordance with policy as disclosed on pages 83 and 84 of the 2013 Remuneration Report. The 2013 benefits figure for Duncan Palmer included estimated amounts in respect of the relocation benefits and has been restated in this Report to reflect actuals. This reduced the 2013 benefits figure previously reported by £1,768 (from £231,668 to £229,900).

(6) Nick Luff receives an annual base salary of £650,000, benefits as per note 5 and a 30% of salary cash allowance in lieu of pension. He participates in the annual incentive plan (AIP) and is eligible for annual multi-year incentive grants in accordance with the policy approved by shareholders at the 2014 Annual General Meetings of Reed Elsevier PLC.

(7) **Exchange rates used for Share based awards:** The exchange rates used to convert Share based awards to pounds sterling are (i) for the UK statutory basis, those that applied at the vesting dates or, if vesting has not occurred at the time of sign off of this Report, the average exchange rates for the last quarter of 2014, (ii) for dividend equivalents, the exchange rates at the time of payment and (iii) for estimated dividend equivalents in respect of awards for which vesting has not occurred at the time of sign off of this Report and which are yet to be paid, the average exchange rates for the last quarter of 2014.

(8) **Total remuneration for Directors:** This is set out in note 28 to the combined financial statements on page 130.

2014 Annual Incentive

Set out below is a summary of performance against each financial measure and the resulting annual incentive payments for 2014 (payable in March 2015):

Performance measure	*Relative weighting*	*Achievement vs target*	*Payout as % of salary Erik Engstrom*	*Payout as % of salary Nick Luff*
Revenue	30%	Underlying revenue growth of 3% was at target, reflecting good growth in electronic and face-to-face revenues in a mixed macroeconomic environment.	Close to 30%	Close to 30%
Adjusted profit after tax	30%	Total adjusted profit after tax grew by 7% in constant currency, just above target, reflecting a combination of underlying revenue growth and continued process innovation.	Just above 30%	Just above 30%
Cash flow conversion rate	10%	Cash flow conversion of 96% was just above target, reflecting strong profits and the cash flow impact from continued capital expenditure to enable continued investment in technology and new products and services.	Just above 10%	Just above 10%
Key Performance Objectives (KPOs) Erik Engstrom (six KPOs)	30%	The first and second KPOs, related to business profile evolution through organic development and selective acquisitions and disposals, were achieved. The third KPO, related to the development of the corporate structure and the global functions, was achieved. The fourth and fifth KPOs, related to specific strategic initiatives across business areas and select priorities within each business, including technology and product development milestones, were achieved. The sixth KPO was to complete the actions listed in the 2013 Corporate Responsibility Report and meet the quantified targets in the report. This KPO was almost fully met as set out on pages 40 to 47.	Close to 30%	
Key Performance Objectives (KPOs) Nick Luff (six KPOs)	30%	The first KPO, related to 2014 final results and reporting, was achieved. The second KPO, related to achieving specific operating plan and financial milestones for the company, was achieved. The third and fourth KPOs, related to specific deliverables for the finance function, were essentially fully achieved. The fifth KPO, related to the development of the corporate structure, was achieved. The sixth KPO was to complete the actions listed in the 2013 Corporate Responsibility Report and meet the quantified targets in the report. This KPO was almost fully met as set out on pages 40 to 47.		Close to 30%
			106.0%*	105.4%*
			£1,169,766	£684,938**

* The maximum annual incentive opportunity is 150% of base salary.
** Nick Luff joined the Group on 1 September 2014. The terms of his service agreement, which he signed on 6 January 2014, provided that his full year 2014 annual incentive would be reduced on a pound for pound basis by the amount of any annual incentive payment received from his previous employer in respect of services rendered during 2014. No such payment was received from his previous employer.

The Board believes that disclosing details beyond what is disclosed above would be commercially sensitive and would give competitors an unfair insight into our strategic direction and annual execution plans.

Multi-year incentives

Multi-year incentives with a performance period ended 31 December 2014 were for Erik Engstrom BIP 2012, ESOS 2012 and the final tranche of the REGP and for Nick Luff a performance share award granted as part compensation for forfeited entitlements from previous employment.

The Committee assessed the performance measures for these awards and made an overall assessment of underlying business performance and other relevant factors. The vesting outcome resulting from this review is summarised below.

Discontinued REGP: Final tranche performance outcome

Performance measure	*Weighting*	*Performance range and vesting levels set at grant*[1]		*Achievement against the performance range*	*Resulting vesting percentage*
TSR measured over five years 2010-2014	1/3rd	below median median upper quartile	0% 30% 100%	In upper quartile of FTSE and European comparator groups; close to upper quartile in US comparator group	99.7%
Average growth in adjusted EPS in 2013 and 2014[2]	1/3rd	below 7% p.a. 7% p.a. 13% p.a. or above	0% 60% 100%	8.5% p.a.	70.0%
ROIC in 2014[2]	1/3rd	below 10.7% 10.7% 12.7% or above	0% 60% 100%	12.1%	88.2%
Total vesting percentage:					86.0%

(1) Calculated on a straight-line basis for performance between the minimum and maximum levels.
(2) The calculation methodology for EPS and ROIC is set out in the 2010 Notices of Annual General Meetings, which can be found on the company's website.

BIP: 2012-14 cycle performance outcome

Performance measure	*Weighting*	*Performance range and vesting levels set at grant*[1]		*Achievement against the performance range*	*Resulting vesting percentage*
Average growth in adjusted EPS over the three-year performance period[2]	50%	below 4% p.a. 4% p.a. 6.5% p.a. 9% p.a. or above	0% 50% 75% 100%	8.4% p.a.	93.7%
ROIC in the third year of the performance period[2]	50%	below 11% 11% 11.5% 12% or above	0% 50% 75% 100%	13.0%	100%
Total vesting percentage:					96.8%

(1) Calculated on a straight-line basis for performance between the minimum and maximum levels.
(2) The calculation methodology for EPS and ROIC is set out in the 2010 Notices of Annual General Meetings, which can be found on the company's website.

ESOS: 2012-14 cycle performance outcome

Performance measure	*Weighting*	*Performance range and vesting levels set at grant*		*Achievement against the performance range*	*Resulting vesting percentage*
Average growth in adjusted EPS over the three-year performance period	100%	below 6% p.a. 6% p.a. or above	0% 100%	8.4% p.a.	100%

Nick Luff: PSP award to compensate for forfeited entitlements from previous employment with performance period ended 31 December 2014

Performance measure	*Weighting*	*Performance range and vesting levels set at grant*		*Achievement against the performance range*	*Resulting vesting percentage*
Average growth in adjusted EPS in 2013 and 2014	2/3rds	below 7% p.a. 7% p.a. or above	0% 100%	8.5% p.a.	100%
ROIC in 2014	1/3rd	below 10.7% 10.7% or above	0% 100%	12.1%	100%
Total vesting percentage:					100%

Single Total Figure of Remuneration – Non-Executive Directors (audited)

	Total fee		Benefits[1]		Total	
	2014	2013	2014	2013	2014	2013
Anthony Habgood	£550,000	£550,000	£2,150	£1,900	£552,150	£551,900
Wolfhart Hauser (from 25 April 2013)	£90,000	£65,058	£720		£90,720	£65,058
Adrian Hennah	£77,500	£65,000	£720	£500	£78,220	£65,500
Lisa Hook	£110,000	£80,462	£1,230	£1,000	£111,230	£81,462
Marike van Lier Lels[2]	£56,671	£55,085			£56,671	£55,085
Robert Polet	£77,500	£65,000	£1,230	£500	£78,730	£65,500
Linda Sanford	£77,500	£65,000	£1,230	£1,000	£78,730	£66,000
Ben van der Veer[2]	£95,968	£93,220	£510	£500	£96,478	£93,720

(1) Benefits comprise the notional benefit of tax filing support provided to Non-Executive Directors for filings outside their home country resulting from their directorships with the Group. The incremental assessable benefit charge per tax return has been agreed for 2014 to amount to £510 for a UK tax return and £720 for a Netherlands tax return. Anthony Habgood's benefits also include £1,430 (£1,400 in 2013) in respect of private medical insurance.
(2) The fees for Marike van Lier Lels and Ben van der Veer were paid in euros and were €70,272 and €119,000 respectively for 2014. For reporting purposes these were converted into pounds sterling at the average exchange rate for 2014. The 2013 figures were converted into pounds sterling at the average exchange rate for 2013.
(3) The total remuneration for Directors is set out in note 28 to the combined financial statements on page 130.

2014 Non-Executive Directors' fees
The fees in the Single Total Figure table for Non-Executive Directors reflect the following fees in 2014:

	Annual fee 2014	**Annual fee 2013**
Chairman	£550,000	£550,000
Non-Executive Directors*	£65,000/€80,000	£65,000/€80,000
Senior Independent Director	£25,000	£20,000
Chairman of:		
– Audit Committee	£25,000/€30,000	£25,000/€30,000
– Remuneration Committee	£25,000	£20,000
Committee membership fee:		
– Audit Committee	£12,500	
– Remuneration Committee	£12,500	
– Nominations Committee	£7,500/€9,000	

* An annual fee of €65,000 is paid to Marike van Lier Lels in respect of her membership of the Reed Elsevier NV Board and reflects her time commitment to that company. Since 22 July 2014, she chaired the Board of Elsevier Reed Finance BV for which an annual fee of €10,000 is payable.

Total pension entitlements (audited)

Erik Engstrom is a member of the Group's UK defined benefit pension arrangements. Further details are provided in the Policy Report on page 79 of the 2013 Remuneration Report and below.

Pension – Standard information

Age at December 2014	Normal retirement age	Director's contributions	Participation fee
51	60	£11,216	£23,962

Since October 2013, the CEO pays a participation fee on the amount of his base salary which exceeds the UK earnings cap. Starting with an initial rate of 1%, on 1 April 2014 the fee increased to 3%, and each 1 April thereafter this fee will increase by a further 2% of base salary which exceeds the UK earnings cap.

Pension – UK statutory basis

Accrued annual pension at 31 December 2013	Accrued annual pension at 31 December 2014	Single figure pensions value
£227,360	£263,704	£691,702[1]

Pension – Dutch Civil Code basis (consistent with prior disclosure)

Increase in accrued pension during the year (net of inflation)	Transfer value[2] at 31.12.14 of increase in accrued pension during the year (net of inflation, Directors' contributions and participation fee)
£36,344	£561,989

(1) Net of Directors' contribution and participation fee.
(2) The transfer value represents a liability in respect of Directors' pension entitlements, and is not an amount paid or payable to the Director calculated using the factors and basis applicable prior to the introduction of the UK statutory basis in 2013.

Scheme interests awarded during the financial year (audited)

CURRENT MULTI-YEAR INCENTIVE PLANS

	Basis on which award is made	Face value of award at grant[1]	Value of awards if vest in line with expectations[2]	Percentage of maximum that would be received if threshold performance achieved[3]	End of performance period
BIP – matching share awards					
Erik Engstrom	Opportunity to invest cash and/or shares up to value of target bonus opportunity and receive 1 for 1 matching award	£1,076,856	£721,493	If one measure pays out at threshold, the overall payout is 25%. If both measures pay out at threshold, the overall payout is 50%.	31 December 2016
Nick Luff		£649,992	£435,495		
LTIP – performance share awards					
Erik Engstrom	250% of salary	£2,692,223	£1,346,111	If the measure with the lowest payout at threshold pays out at threshold, the overall payout is 3%. If each measure pays out at threshold, the overall payout is 32%.	31 December 2016
Nick Luff	200% of salary	£1,299,988	£649,994		
ESOS – market value options					
Erik Engstrom	250% of salary	£2,692,223	£430,756	33%	31 December 2016
Nick Luff	200% of salary	£1,299,988	£207,998		

ONE-OFF MULTI-YEAR INCENTIVE PLAN AWARDS TO COMPENSATE FOR FORFEITED ENTITLEMENTS FROM PREVIOUS EMPLOYMENT

Performance share awards[4]					
Nick Luff	200% of salary	£1,299,988	£1,299,988	If the measure with the lowest payout at threshold pays out at threshold, the overall payout is 33%. If each measure pays out at threshold, the overall payout is 100%.	31 December 2014
	200% of salary	£1,299,988	£649,994	If the measure with the lowest payout at threshold pays out at threshold, the overall payout is 3%. If each measure pays out at threshold, the overall payout is 32%.	31 December 2015

(1) The face value of the LTIP and ESOS awards is calculated using (1) the middle market quotation of PLC ordinary shares; (2) the closing price of NV ordinary shares; and (3) the exchange rate on the day before grant. In respect of grants made to Erik Engstrom on 7 April 2014, (1) was £9.245 and (2) was €15.82. In respect of Nick Luff, who joined the Group on 1 September 2014, and whose grants were made on 2 September 2014, (1) was £9.90 and (2) was €17.50. These share prices are used to determine the number of awards granted, as well as to set option exercise prices. The face value of the ESOS options shown in this column has not been reduced to reflect the fact that the aggregate option price is payable on exercise. The face value of the BIP awards is calculated using the average price of participants' investment shares purchased by the trustee. In respect of the matching award to Erik Engstrom on 7 April 2014, who invested in NV ADRs, the price per NV ADR was $42.951. In respect of the matching award to Nick Luff on 2 September 2014, who invested in PLC and NV ordinary shares, the price per PLC ordinary share was £9.96 and the price per NV ordinary share was €17.614. The face values for BIP and LTIP do not take into account the dividend equivalents relating to those awards.

(2) For BIP, LTIP and ESOS, vesting in line with expectations is as per the performance scenario chart disclosed on page 83 of the 2013 Remuneration Report, i.e. 67% for BIP, 50% for LTIP and 80% for ESOS. For options vesting in line with expectations, a valuation factor of 20% of the face value of the award at grant has been applied. Vesting in line with expectations for the performance share awards granted to Nick Luff, assumes, in respect of the award with a performance period ended 31 December 2014, that the thresholds for EPS and ROIC are met which results in 100% vesting. In respect of the award with the performance period ending 31 December 2015, which mirrors the performance conditions applicable to the 2013 LTIP award, vesting in line with expectations is 50%.

(3) Threshold payout levels for each measure have been included. Where there are multiple measures, it is possible to achieve threshold, and hence payout, in respect of just one of the measures (or, for TSR, in respect of one of the three TSR comparator groups). The performance measures and targets for awards granted in 2014 under each of the plans and for the performance share awards granted to Nick Luff are set out on page 81.

(4) The performance share awards granted to Nick Luff on 2 September 2014 were essential to facilitate his recruitment and were disclosed in the notices of the 2014 annual general meetings of Reed Elsevier PLC and Reed Elsevier NV. The awards were split evenly between ordinary shares in Reed Elsevier PLC and Reed Elsevier NV. The awards of Reed Elsevier PLC ordinary shares fall within paragraph 9.4.2(2)R of the UK Listing Rules and the awards of Reed Elsevier NV ordinary shares were approved by shareholders at the Annual General Shareholders' Meeting of Reed Elsevier NV on 23 April 2014. The awards are not pensionable and lapse on resignation or dismissal for cause (although in the case of a resignation, if an award has already vested and the date of resignation is within two years of Mr Luff joining the Group, then time pro-ration clawback provisions will apply to such award). In all other circumstances of termination, the share awards will vest subject to performance at the end of the applicable performance period with pro-ration for service applied, except in the case of a company initiated termination in which event the award will not be pro-rated.

The following targets and vesting scales apply to awards granted in 2014:

BIP: 2014–16 cycle

Match earned on personal investment	Average growth in adjusted EPS over the three-year performance period*	ROIC in the third year of the performance period*
0%	below 4% p.a.	below 11.6%
50%	4% p.a.	11.6%
75%	6.5% p.a.	12.1%
100%	9% p.a. or above	12.6% or above

* EPS and ROIC have equal weighting and straight-line vesting applies to performance between the points.

LTIP: 2014-16 cycle

Vesting is dependent on three separate performance measures of equal weighting: a TSR measure comprising three comparator groups, an EPS measure and a ROIC measure.[1]

Vesting percentage of each third of the TSR tranche[2]	TSR ranking within the relevant TSR comparator group
0%	Below median
30%	Median
100%	Upper quartile

(1) The calculation methodology for TSR, EPS and ROIC is set out in the 2013 Notices of Annual General Meetings, which can be found on the company's website.
(2) Vesting is on a straight-line basis for performance between the minimum and maximum levels.

The three TSR comparator groups (Sterling, Euro and US Dollar) reflect the fact that the Group accesses equity capital markets through three exchanges – London, Amsterdam and New York – in three currency zones. The Group's TSR performance is measured separately against each comparator group and each ranking achieved will produce a payout, if any, in respect of one-third of the TSR measure. The proportion of the TSR measure that vests will be the sum of the three payouts.

Each comparator group comprises approximately 40 companies. The companies for the 2014-16 LTIP cycle were selected on the following basis (unchanged from 2013-15):

(a) they were in a relevant market index or are the largest listed companies on the relevant exchanges at the end of the year before the start of the performance period: the FTSE 100 for the Sterling group; AEX, Euronext and the Frankfurt Stock Exchange for the Euro group; and the S&P 500 for the US Dollar group;

(b) certain companies were then excluded:

- those with mainly domestic revenues (as they do not reflect the global nature of the Group's customer base)
- those engaged in extractive industries (as they are exposed to commodity cycles); and
- financial services companies (as they have a different risk/reward profile).

(c) the remaining companies were then ranked by market capitalisation and, for each comparator group, the 20 companies above and below the Group were taken; and

(d) relevant listed global peers operating in businesses similar to those of the Group but not otherwise included were added.

Vesting percentage of EPS and ROIC tranches*	Average growth in adjusted EPS over the three-year performance period	ROIC in the third year of the performance period
0%	below 5% p.a.	below 11.6%
33%	5% p.a.	11.6%
52.5%	6% p.a.	11.85%
65%	7% p.a.	12.1%
75%	8% p.a.	12.35%
85%	9% p.a.	12.6%
92.5%	10% p.a.	12.85%
100%	11% p.a. or above	13.1% or above

* Vesting is on a straight-line basis for performance between the stated average adjusted EPS growth/ROIC percentages.

ESOS: 2014-2016 cycle

Proportion of the award vesting	Average growth in adjusted EPS over the three-year performance period*
0%	below 4% p.a.
33%	4% p.a.
80%	6% p.a.
100%	8% p.a. or above

* Vesting is on a straight-line basis for performance between the stated average adjusted EPS growth percentages.

PSP awards granted to Nick Luff as compensation for forfeited entitlements from previous employment

PSP: Performance period ended 31 December 2014

Vesting percentage	Average growth in adjusted EPS in 2013 and 2014*	ROIC in 2014*
0%	below 7% p.a.	below 10.7%
100%	7% p.a. or above	10.7% or above

* 2/3rds of the award is subject to EPS and 1/3rd subject to ROIC performance.

PSP: Performance period ending 31 December 2015

Vesting is dependent on three separate performance measures of equal weighting: a TSR measure (comprising three comparator groups as set out in the 2013 Notices of Annual General Meetings), an EPS measure and a ROIC measure.[1]

Vesting percentage of each third of the TSR tranche[2]	TSR ranking within the relevant TSR comparator group
0%	Below median
30%	Median
100%	Upper quartile

(1) The calculation methodology for TSR, EPS and ROIC is the same as applies to the LTIP award granted to Erik Engstrom in 2013.
(2) Vesting is on a straight-line basis for performance between the minimum and maximum levels.

Vesting percentage of EPS and ROIC tranches*	Average growth in adjusted EPS over the three-year performance period	ROIC in the third year of the performance period
0%	below 5% p.a.	below 11.2%
33%	5% p.a.	11.2%
52.5%	6% p.a.	11.45%
65%	7% p.a.	11.7%
75%	8% p.a.	11.95%
85%	9% p.a.	12.2%
92.5%	10% p.a.	12.45%
100%	11% p.a. or above	12.7% or above

* Vesting is on a straight-line basis for performance between the stated average adjusted EPS growth/ROIC percentages.

External appointments
The Committee believes that the experience gained by allowing Executive Directors to serve as Non-Executive Directors on the boards of other organisations is of benefit to the Group. Accordingly, Executive Directors may, subject to the approval of the Chairman and the CEO (or the Chairman only in the case of the CEO), serve as Non-Executive Directors on the boards of up to two non-associated companies (of which only one may be a major company) and they may retain remuneration arising from such appointments.

Nick Luff is a Non-Executive Director of Lloyds Banking Group plc and received fees of £45,000 since his appointment as a Director of the Group up to the end of 2014. Duncan Palmer is a Non-Executive Director of Oshkosh Corporation and received fees of £44,773 and 2,500 shares of Oshkosh common stock during the year up to the date of termination of his employment with the Group (£63,141 in 2013).

Payments to past Directors and payments for loss of office (audited)
There have been no payments to past Directors or payments for loss of office in 2014 other than those included in the single figure table and the notes thereto.

Statement of Directors' shareholdings and other share interests (audited)
Shareholding requirement
The Committee believes that a closer alignment of interests can be created between senior management and shareholders if executives build and maintain a significant personal stake in the Group. The shareholding requirements applicable to the Executive Directors are set out in the table below. Shares that count for this purpose are any type of Reed Elsevier PLC or Reed Elsevier NV security owned outright by the individual and their spouse, civil partner or dependent child.

Meeting the shareholding requirement is both a vesting condition for awards granted and a requirement to maintain eligibility for future awards. Shareholding requirements fall away on leaving the company.

On 31 December 2014, the Executive Directors' shareholdings were as follows (valued using the middle market closing prices of the relevant securities):

	Shareholding requirement (% of 31 December 2014 annual base salary)	Actual shareholding as at 31 December 2014 (% of 31 December 2014 annual base salary)
Erik Engstrom	300%	830%
Nick Luff	200%*	59%

* Nick Luff has until 31 December 2016 to build up to his required level of shareholding and is required to retain all net shares earned from incentive plans until he reaches this level.

Share interests

	Reed Elsevier PLC ordinary shares		Reed Elsevier NV ordinary shares	
	1 January 2014	31 December 2014	1 January 2014	31 December 2014
Erik Engstrom	114,552	118,552	513,765	516,765
Anthony Habgood	50,000	50,000	25,000	25,000
Wolfhart Hauser		4,107	750	2,010
Adrian Hennah	5,163	10,508		
Lisa Hook			4,800	4,800
Marike van Lier Lels				
Duncan Palmer	88	88**	30,022	30,022**
Nick Luff	*	17,187	*	12,106
Robert Polet	1,000	1,000		
Linda Sanford	3,600	6,700		
Ben van der Veer			5,000	7,000

* On date of appointment.
** On the date on which ceased to be an Executive Director.

There have been no changes in these share interests at the date of this Report for those who were Directors of Reed Elsevier PLC and Reed Elsevier NV on 31 December 2014.

Multi-year incentive interests (audited)
All outstanding unvested options and share awards in the tables overleaf and on page 84 are subject to performance conditions. For disclosure purposes, any PLC and NV ADRs awarded under the BIP or the REGP have been converted into ordinary share equivalents. Between 31 December 2014 and the date of this Report, there have been no changes in the options or share awards held by Executive Directors.

Erik Engstrom

OPTIONS

	Year of grant	Type of security	No. of options held on 1 Jan 2014	No. of options granted during 2014	Option price	No. of options exercised during 2014	Market price per share at exercise	No. of options held on 31 Dec 2014	Unvested options vesting on	Options exercisable until
ESOS	2006	PLC ord	178,895		£5.305	178,895	£9.138			
		NV ord	120,198		€11.470	120,198	€15.755			
	2011	PLC ord	139,146		£5.390			139,146		05 May 21
		NV ord	92,953		€8.969			92,953		05 May 21
	2012*	PLC ord	198,836		£5.155			198,836	02 May 15	02 May 22
		NV ord	139,742		€9.030			139,742	02 May 15	02 May 22
	2013	PLC ord	178,799		£7.345			178,799	09 May 16	09 May 23
		NV ord	124,337		€12.530			124,337	09 May 16	09 May 23
	2014	PLC ord		145,604	£9.245			145,604	07 Apr 17	07 Apr 24
		NV ord		102,839	€15.820			102,839	07 Apr 17	07 Apr 24
Total PLC ords			695,676	145,604		178,895		662,385		
Total NV ords			477,230	102,839		120,198		459,871		

* The performance outcome for the ESOS 2012 is set out on page 78.

SHARES

	Year of grant	Type of security	No. of unvested shares held on 1 Jan 2014	No. of shares awarded during 2014	Market price per share at award	No. of shares vested/performance tested during 2014	Market price per share at vesting/performance testing	No. of unvested/non-performance tested shares held on 31 Dec 2014	End of performance period	Date of release
BIP	2011	NV ord	122,352		€8.969	110,728	€15.975			
	2012[1]	NV ord	136,950		€9.030			136,950	Dec 2014	H1 2015
	2013	NV ord	96,830		€12.530			96,830	Dec 2015	H1 2016
	2014	NV ord		81,388	€15.820			81,388	Dec 2016	H1 2017
LTIP	2013	PLC ord	178,799		£7.345			178,799	Dec 2015	H1 2016
		NV ord	124,337		€12.530			124,337	Dec 2015	H1 2016
	2014	PLC ord		145,604	£9.245			145,604	Dec 2016	H1 2017
		NV ord		102,839	€15.820			102,839	Dec 2016	H1 2017
REGP[2]	2013	PLC ord	321,895		£7.760			321,895	Dec 2014	H1 2015
		NV ord	450,494		€13.150			450,494	Dec 2014	H1 2015
Total PLC ords			500,694	145,604				646,298		
Total NV ords			930,963	184,227		110,728		992,838		

(1) The performance outcome for the BIP 2012 is set out on page 78.
(2) The performance outcome for the second and final tranche of the REGP is set out on page 78. The deferred shares from the first tranche of the REGP (i.e. 214,855 PLC ordinary shares and 141,094 NV ordinary shares) were performance tested in H1 2013 and fully disclosed as part of the 2012 single figure on page 91 of the 2013 Remuneration Report.

Nick Luff

OPTIONS	Year of grant	Type of security	No. of options held on 1 Jan 2014	No. of options granted during 2014	Option price	No. of options exercised during 2014	Market price per share at exercise	No. of options held on 31 Dec 2014	Unvested options vesting on	Options exercisable until
ESOS	2014	PLC ord		65,656	£9.900			65,656	02 Sep 17	02 Sep 24
		NV ord		46,963	€17.500			46,963	02 Sep 17	02 Sep 24
Total PLC ords				65,656				65,656		
Total NV ords				46,963				46,963		

SHARES	Year of grant	Type of security	No. of unvested shares held on 1 Jan 2014	No. of shares awarded during 2014	Market price per share at award	No. of shares vested/ performance tested during 2014	Market price per share at vesting/ performance testing	No. of unvested/non-performance tested shares held on 31 Dec 2014	End of performance period	Date of release
BIP	2014	PLC ord		32,630	£9.900			32,630	Dec 2016	H1 2017
		NV ord		22,870	€17.500			22,870	Dec 2016	H1 2017
LTIP	2014	PLC ord		65,656	£9.900			65,656	Dec 2016	H1 2017
		NV ord		46,963	€17.500			46,963	Dec 2016	H1 2017
PSP	2014	PLC ord		65,656	£9.900			65,656	Dec 2014	H1 2015
		NV ord		46,963	€17.500			46,963	Dec 2014	H1 2015
	2014	PLC ord		65,656	£9.900			65,656	Dec 2015	H1 2016
		NV ord		46,963	€17.500			46,963	Dec 2015	H1 2016
Total PLC ords				229,598				229,598		
Total NV ords				163,759				163,759		

Duncan Palmer

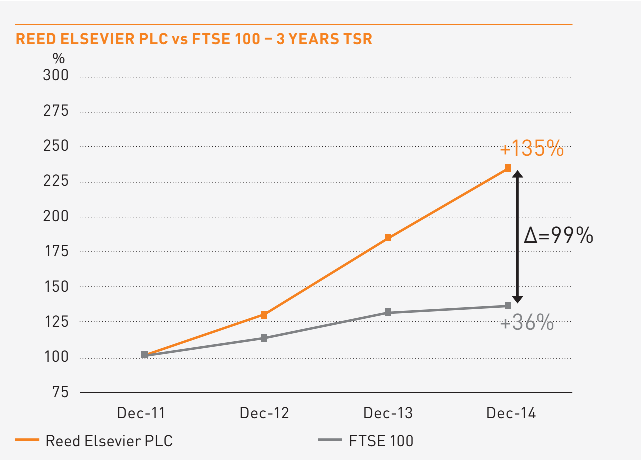
SHARES	Year of grant	Type of security	No. of unvested shares held on 1 Jan 2014	No. of shares awarded during 2014	Market price per share at award	No. of shares vested/ performance tested during 2014	Market price per share at vesting/ performance testing	No. of unvested/non-performance tested shares held on 31 Dec 2014	End of performance period	Date of release
RSP*	2012	PLC ord	72,042		£6.015	72,042	£9.781			25 Sep 14
		NV ord	51,378			51,378	€17.570			25 Sep 14
Total PLC ords			72,042			72,042				
Total NV ords			51,378			51,378				

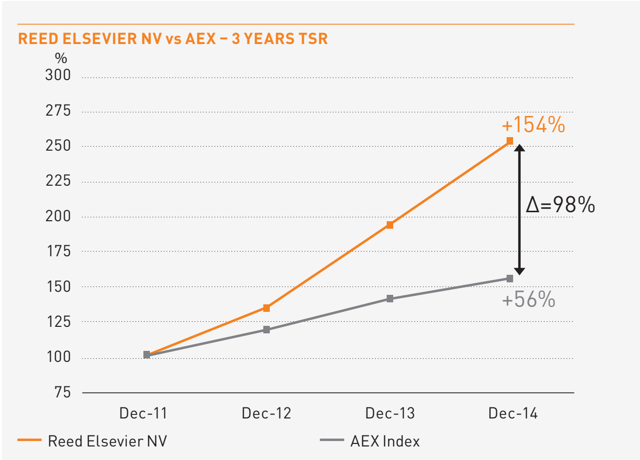
* Reflects the pro-rated number of shares following his resignation as previously disclosed. In accordance with the terms of the award, the full award was granted over Reed Elsevier PLC ordinary shares but half was settled with Reed Elsevier NV ordinary shares.

Performance graphs

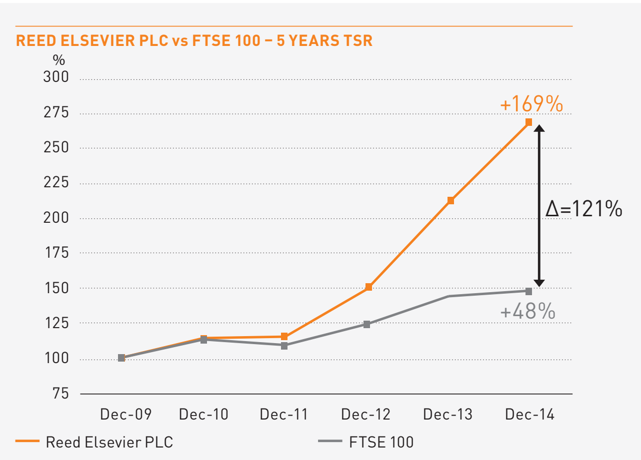
The graphs below show total shareholder returns for Reed Elsevier PLC and Reed Elsevier NV, calculated on the basis of the average share price in the 30 trading days before the respective year end and assuming dividends were reinvested. Reed Elsevier PLC's performance is compared with the FTSE 100 and Reed Elsevier NV with the AEX Index (to reflect their respective memberships of those indices), over the five years from 31 December 2009 to 31 December 2014. This period also reflects the tenure of the CEO and the TSR performance period for the final tranche of the REGP. The three-year charts cover the performance period of the 2012-14 cycles of BIP and ESOS.

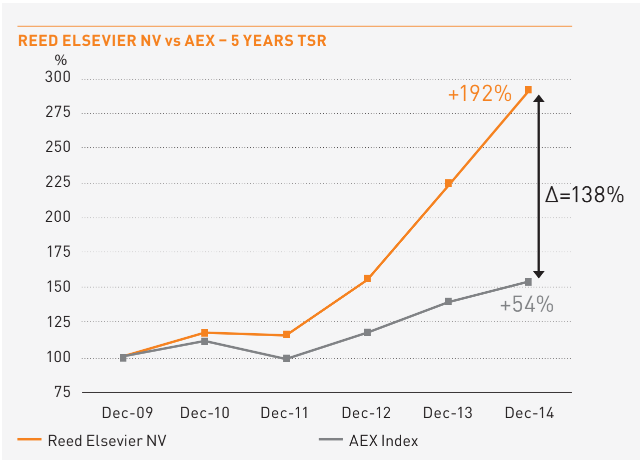
3 years



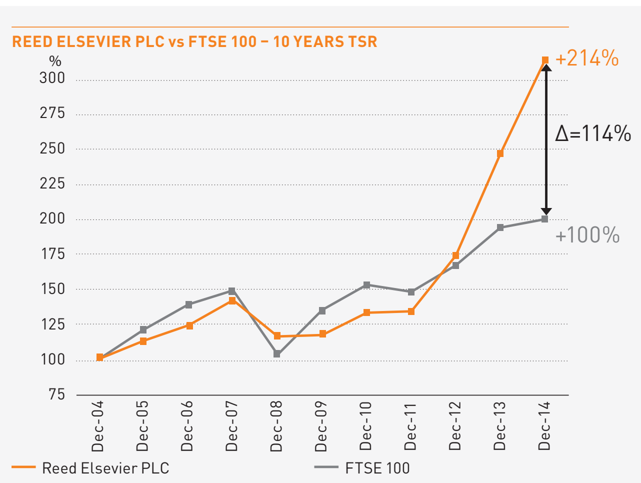


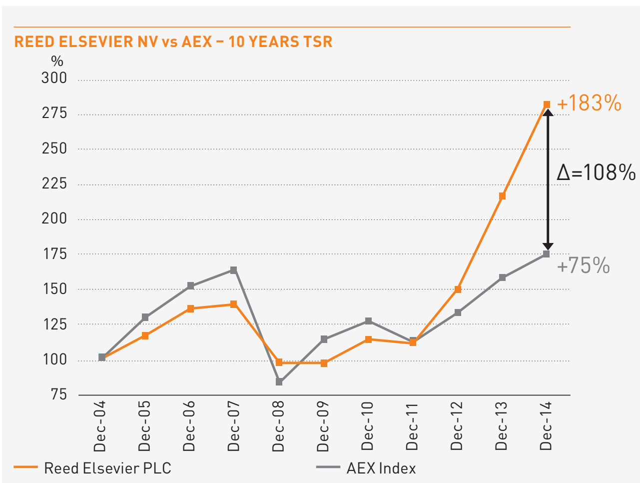
5 years





10 years





UK regulations require disclosure of the relative share performance for the six-year period, 2009–2014, of Reed Elsevier PLC. During that period the total return for the FTSE 100 was +94% while TSR for Reed Elsevier PLC was +170%, an outperformance of 76 percentage points.

CEO historical pay table

The table below shows the historical CEO pay over a seven-year period. 2008 has been included to show the pre-2009 position, as 2009 was a transition year with three CEO incumbents.

£'000	2008	2009[3]			2010	2011	2012	2013	2014
CEO	Sir Crispin Davis	Sir Crispin Davis	Ian Smith	Erik Engstrom	Erik Engstrom	Erik Engstrom	Erik Engstrom	Erik Engstrom	Erik Engstrom
Annualised base salary	1,181	1,181	900	1,000	1,000	1,025	1,051	1,077	1,104
Annual incentive payout as a % of maximum	61%	30%	37%	71%	67%	66%	73%	70%	71%
Multi-year incentive vesting as a % of maximum	100%	0%	0%	0%	0%	0%	70%[4]	96%[4]	90%[4]
CEO total (UK statutory basis)[1]	7,193	706	1,033	426	3,140	2,738	11,145[5]	5,425	16,176[6]
CEO total (Dutch Civil Code basis)[2]	6,631	(514)	1,033	431	2,675	5,045	5,443	6,067	6,808

(1) **UK statutory basis:** This is described in footnote 2 to the Single Total Figure table on page 76.
(2) **Dutch Civil Code basis:** This is described in footnote 3 to the Single Total Figure table on page 76.
(3) Sir Crispin Davis was CEO from 1 January to 31 March, Ian Smith was CEO from 1 April to 10 November and Erik Engstrom was CEO from 11 November to 31 December.
(4) The 2014 percentage reflects REGP tranche 2, BIP and ESOS. The 2013 percentage reflects BIP and ESOS only and the 2012 figure reflects REGP tranche 1 and BIP.
(5) The 2012 figure reflects the vesting of tranche 1 of the REGP and includes the entire amount that was performance tested over the 2010-12 period, including the 50% of shares deferred until 2015 in accordance with the plan rules. It also includes £3m attributed to share price appreciation.
(6) The 2014 figure includes the vesting of the second and final tranche of the discontinued REGP and includes £7.6m attributed to share price appreciation.

Comparison of change in CEO pay with change in employee pay

The table below shows the percentage change in remuneration (salary, benefits and annual incentive) from 2013 to 2014 for the CEO compared with the average employee.

	% change from 2013 to 2014	
	CEO	Average employee*
Salary	2.5%	2.5%
Benefits	2.0%	2.5%
Annual incentive	3.1%	3.3%

* This reflects a substantial proportion of our global employee population.

Relative importance of spend on pay

The following table sets out the total employee costs for all employees, as well as the amounts paid in dividends and share repurchases.

	2014 (£m)	2013 (£m)	% change
Employee costs*	1,709	1,775	–4%
Dividends	565	549	+3%
Share repurchases	600	600	0%

* Employee costs include wages and salaries, social security costs, pensions and Share based and related remuneration.

Implementation of Remuneration Policy in 2015

Salary: The Committee has awarded a salary increase of 2.5% to the Executive Directors, which means that, from 1 January 2015, Erik Engstrom's salary rose to £1,131,408 and Nick Luff's salary to £666,250. This is in line with the guidelines agreed for employees in the Group's most significant locations globally for 2015.

AIP: The operation of the AIP in 2015 remains the same as in 2014. Details of annual financial targets and KPOs are not disclosed as the Board believes that these are commercially sensitive and that disclosing them would give competitors an unfair insight into our strategic direction and annual execution plans. The targets are designed to be challenging relative to the 2015 execution plan.

Multi-year incentives: The award levels (% of salary) for 2015 are:

	CEO	CFO
BIP opportunity	100%	100%
LTIP	250%	200%
ESOS	250%	200%

The targets and vesting scales for the multi-year incentive awards granted in 2015 are as follows:

BIP: 2015-17 cycle

Match earned on personal investment	Average growth in adjusted EPS over the three-year performance period*	ROIC in the third year of the performance period*
0%	below 4% p.a.	below 12.3%
50%	4% p.a.	12.3%
75%	6.5% p.a.	12.8%
100%	9% p.a. or above	13.3% or above

* EPS and ROIC have equal weighting and straight-line vesting applies to performance between the points.

LTIP: 2015–17 cycle

Vesting is dependent on three separate performance measures of equal weighting: a TSR measure (comprising three comparator groups), an EPS measure and a ROIC measure.[1]

Vesting percentage of each third of the TSR tranche[2]	TSR ranking within the relevant TSR comparator group
0%	Below median
30%	Median
100%	Upper quartile

(1) The calculation methodology for TSR, EPS and ROIC is set out in the 2013 Notices of Annual General Meetings, which can be found on the company's website. The methodology for selecting the TSR comparator group companies is unchanged from 2013 (see page 89 of the 2013 Remuneration Report). Each comparator group comprises approximately 40 companies. The companies for the 2015-17 LTIP cycle were selected on the same basis as the comparator groups for prior cycles under this plan.

(2) Vesting is on a straight-line basis for performance between the minimum and maximum levels.

Vesting percentage of EPS and ROIC tranches*	Average growth in adjusted EPS over the three-year performance period	ROIC in the third year of the performance period
0%	below 5% p.a.	below 12.3%
33%	5% p.a.	12.3%
52.5%	6% p.a.	12.55%
65%	7% p.a.	12.8%
75%	8% p.a.	13.05%
85%	9% p.a.	13.3%
92.5%	10% p.a.	13.55%
100%	11% p.a. or above	13.8% or above

* Vesting is on a straight-line basis for performance between the stated average adjusted EPS growth/ROIC percentages.

ESOS: 2015-2017 cycle

Proportion of the award vesting	Average growth in adjusted EPS over the three-year performance period*
0%	below 4% p.a.
33%	4% p.a.
80%	6% p.a.
100%	8% p.a. or above

* Vesting is on a straight-line basis for performance between the stated average adjusted EPS growth percentages.

Remuneration Committee advice

The Committee consists of independent Non-Executive Directors and the Chairman of RELX Group plc. Details of members and their attendance are contained in the Corporate Governance section on page 71. The Chief Legal Officer and Company Secretary attends meetings as secretary to the Committee. At the invitation of the Chairman of the Committee, the CEO of RELX Group plc attends appropriate parts of the meetings. The CEO of RELX Group plc is not in attendance during discussions about his remuneration.

The Human Resources Director advised the Committee during the year.

Towers Watson is the external adviser, appointed by the Committee through a competitive process. Towers Watson also provided actuarial and other human resources consultancy services to some Group companies during the year. The Committee is satisfied that the firm's advice continues to be objective and independent, and that no conflict of interest exists. The individual consultants who work with the Committee do not provide advice to the Executive Directors, or act on their behalf. Towers Watson is a member of the Remuneration Consultants' Group and conducts its work in line with the UK Code of Conduct for executive remuneration consulting. During 2014, Towers Watson received fees of £10,726 for advice given to the Committee, charged on a time and expense basis.

Shareholder Vote at 2014 Annual General Meetings

At the Annual General Meeting of Reed Elsevier NV, on 23 April 2014, votes cast by proxy and at the meeting in respect of the Directors' remuneration were as follows:

Resolution	Votes For	% For	Votes Against	% Against	Total votes cast	Votes Withheld
Award of shares to Nick Luff (approval)	481,844,636	99.62%	1,860,791	0.38%	483,705,427	1,797,764

At the Annual General Meeting of Reed Elsevier PLC, on 24 April 2014, votes cast by proxy and at the meeting in respect of the Directors' remuneration were as follows:

Resolution	Votes For	% For	Votes Against	% Against	Total votes cast	Votes Withheld
Remuneration Policy (approval)	834,792,974	93.83%	54,920,711	6.17%	889,713,685	25,296,745
Remuneration Report (advisory)	810,363,386	89.06%	99,538,952	10.94%	909,902,338	5,107,375

Wolfhart Hauser
Chairman, Remuneration Committee
25 February 2015

Report of the Audit Committees

This report has been prepared by the Audit Committees of Reed Elsevier PLC and Reed Elsevier NV in conjunction with the Audit Committee of RELX Group plc (the Committees) and has been approved by the respective Boards. It provides an overview of the membership, responsibilities and activities of the Committees. The functions of an audit committee in respect of the financing activities were carried out during 2014 by the Supervisory Board of Elsevier Reed Finance BV. The Reed Elsevier PLC and Reed Elsevier NV Audit Committees fulfil their roles from the perspective of the parent companies and both Committees have access to the reports to and the work of the RELX Group plc Audit Committee and the Elsevier Reed Finance BV Supervisory Board in this respect.

Membership
The Committees comprise at least three independent Non-Executive Directors. The members of each of the Committees that served during the year are: Ben van der Veer (Chairman of the Committees), Adrian Hennah and Linda Sanford. Adrian Hennah, a UK chartered accountant, and Ben van der Veer, a registered accountant in the Netherlands, are considered to have significant, recent and relevant financial experience.

Responsibilities
The main role and responsibilities of the Committees are to assist the respective boards in fulfilling their oversight responsibilities regarding:

- the integrity of the Group's interim and full year financial statements and financial reporting processes;
- risk management and internal controls, and the effectiveness of the internal auditors; and
- the performance of the external auditors and the effectiveness of the external audit process, including monitoring the independence and objectivity of Deloitte.

The Committees report to the respective Boards on their activities, identifying any matters in respect of which they consider that action or improvement is needed and making recommendations as to the steps to be taken.

The terms of reference of each Audit Committee are reviewed annually and a copy of each is published on the Group's website, www.relxgroup.com.

Committee meetings
The Committees met five times during 2014. The Audit Committee meetings are typically attended by the Chief Executive Officer, the Chief Financial Officer, the RELX Group plc group financial controller, the RELX Group plc chief legal officer, the RELX Group plc head of audit and risk, and audit partners from the external auditors.

Financial reporting
In discharging their responsibilities in respect of the 2014 interim and full year financial statements, the Committees have:

- reviewed and discussed areas of significant judgement in the preparation of the financial statements, including in particular:
  i. the carrying values of goodwill and intangible assets – the significant judgements in respect of asset carrying values relate to the assumptions underlying the value in use calculations including discount rates and long-term growth assumptions. The Committees received and discussed reports from the RELX Group plc group Financial Controller on the methodology and the basis of the assumptions used;
  ii. capitalisation of internally generated intangible assets – the capitalisation of costs related to the development of new products and business infrastructure, together with the useful economic lives applied to the resulting assets, requires the exercise of judgement. The Committees received reports from the RELX Group plc group financial controller on the amounts capitalised and asset lives selected for major projects;
  iii. uncertain tax positions – assessing potential liabilities across numerous jurisdictions is complex and requires judgement in making tax determinations. The Committees received and discussed reports from the RELX Group plc head of group taxation on the potential liabilities identified and judgements applied;
  iv. we operate a number of defined benefit schemes which require management to exercise judgement in estimating the ultimate cost of providing post-employment benefits, especially given the length of each scheme's liabilities. The recognition of certain scheme liabilities is also subject to judgement. The Committees received and discussed reports from the RELX Group plc group Financial Controller on the methodology and the basis of the assumptions used.

The Committees also received detailed written and verbal reports from the external auditors on these matters. The Committees were satisfied with the explanations provided and conclusions reached.

- reviewed the critical accounting policies and compliance with applicable accounting standards and other disclosure requirements and received regular update reports on accounting and regulatory developments; and
- considered whether the Annual Report taken as a whole was fair, balanced and understandable.

Risk management and internal controls
With respect to their oversight of risk management and internal controls, the Committees have:

- received and discussed regular reports summarising the status of the Group's risk management activities and the findings from internal audit reviews and the actions agreed with management. Areas of focus in 2014 included: management of investment programmes; post acquisition integration; regulatory compliance and review of information security including the management of data privacy; business continuity planning; and continued compliance with the requirements of Section 404 of the US Sarbanes-Oxley Act relating to the documentation and testing of internal controls over financial reporting;

- reviewed and approved the internal audit plan for 2014 and monitored execution, including progress in respect of recommendations made;
- reviewed the resources, terms of reference and effectiveness of the RELX Group plc risk management and internal audit functions;
- received presentations from: the RELX Group plc Chief Compliance Officer on the compliance programmes, including the operation of the Group's codes of conduct, training programmes and whistleblowing arrangements; the RELX Group plc Chief Strategy Officer and Chief Legal Officer on information security and other technology-related risks; and the RELX Group plc Chief Legal Officer on legal issues and claims;
- received updates from the RELX Group plc group treasurer on pension arrangements and funding, treasury policies and risk management and compliance with treasury policies;
- received presentations from the RELX Group plc head of group taxation on tax policies and related matters;
- received regular updates from the Chief Financial Officer on developments within the finance function. The Committees monitored the Chief Financial Officer transition to ensure an effective transfer of responsibilities; and
- received presentations from recently appointed chief financial officers of major businesses.

External audit effectiveness
The Group has a well-established policy on audit effectiveness and independence of auditors that sets out inter alia: the responsibilities of each Audit Committee in the selection of auditors to be proposed for appointment or re-appointment and for agreement on the terms of their engagement, scope and remuneration; the auditor independence requirements and the policy on the provision of non-audit services; the rotation of audit partners and staff; and the conduct of meetings between the auditors and the Audit Committees. The policy is available on the website, www.relxgroup.com.

The auditors are precluded from engaging in non-audit services that would compromise their independence or violate any professional requirements or regulations affecting their appointment as auditors. The auditors may, however, provide non-audit services which do not conflict with their independence, and where their skills and experience make them a logical supplier, subject to pre-approval by the Audit Committees. Non-audit services performed in the Netherlands are limited to audit assurance activities. The Committees will continue to review the policy on the provision of non-audit services in the light of ongoing regulatory developments.

The Committees have, each quarter, reviewed and agreed the non-audit services provided in 2014, together with the associated fees which are set out in note 3 to the combined financial statements. The non-audit services provided were in the areas of audit-related activities such as royalty assurance, tax advice and compliance, due diligence and other transaction-related services.

The external auditors have confirmed their independence and compliance with the Group policy on auditor independence to the Audit Committees.

Deloitte LLP and Deloitte Accountants BV or their predecessor firms were first appointed auditors of Reed Elsevier PLC and Reed Elsevier NV respectively for the financial year ended 31 December 1994. The auditors are required to rotate the lead audit partners responsible for the audit engagements every five years. The lead engagement partners for Reed Elsevier PLC and Reed Elsevier NV have both completed one year.

The Committees have conducted their review of the performance of the external auditors and the effectiveness of the external audit process for the year ended 31 December 2014. The review was based on a survey of key stakeholders across the Group, consideration of public reports by regulatory authorities on key Deloitte member firms and the quality of the auditors' reporting to and interaction with the Audit Committees. Based on this review, the Audit Committees were satisfied with the performance of the auditors and the effectiveness of the audit process.

Any decision to open the audit to tender is taken only on the recommendation of the Audit Committees. The Committees continue to monitor regulatory developments in the UK and the Netherlands regarding length of audit tenure, tendering and audit firm rotation. In light of the transition of the Chief Financial Officer and the continued objectivity, independence and effectiveness of Deloitte LLP and Deloitte Accountants BV, the Audit Committees concluded that it was neither appropriate or necessary to change auditors in respect of the 2015 year end.

The Committees have, therefore, recommended to the respective boards that resolutions for the re-appointment of Deloitte as the external auditors be proposed at the forthcoming Annual General Meetings.

We have commenced preparations for an audit tender process for rotation of the audit firm in respect of the 2016 financial year. The audit tender is expected to be concluded in mid-2015 and the selected audit firm will be proposed to the Annual General Meetings in 2016. In accordance with legislation in the Netherlands, Deloitte will not be eligible to participate in this tender.

The effectiveness of the Audit Committees was reviewed as part of the 2014 Board evaluation.

Ben van der Veer
Chairman of the Audit Committees
25 February 2015

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Combined income statement

FOR THE YEAR ENDED 31 DECEMBER	Note	2014 £m	2013 £m
Revenue	1	**5,773**	6,035
Cost of sales		**(2,006)**	(2,118)
Gross profit		**3,767**	3,917
Selling and distribution costs		**(934)**	(1,005)
Administration and other expenses		**(1,467)**	(1,565)
Operating profit before joint ventures		**1,366**	1,347
Share of results of joint ventures		**36**	29
Operating profit	1, 2	**1,402**	1,376
Finance income	7	**7**	10
Finance costs	7	**(169)**	(206)
Net finance costs		**(162)**	(196)
Disposals and other non operating items	8	**(11)**	16
Profit before tax		**1,229**	1,196
Current tax		**(357)**	(352)
Deferred tax		**88**	271
Tax expense	9	**(269)**	(81)
Net profit for the year		**960**	1,115
Attributable to:			
Parent companies' shareholders		**955**	1,110
Non-controlling interests		**5**	5
Net profit for the year		**960**	1,115

Combined statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER	Note	2014 £m	2013 £m
Net profit for the year		**960**	1,115
Items that will not be reclassified to profit or loss:			
Actuarial (losses)/gains on defined benefit pension schemes	5	**(266)**	40
Tax on items that will not be reclassified to profit or loss	9	**63**	(24)
Total items that will not be reclassified to profit or loss		**(203)**	16
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**137**	(88)
Fair value movements on cash flow hedges	18	**(81)**	65
Transfer to net profit from cash flow hedge reserve	18	**19**	(3)
Tax on items that may be reclassified to profit or loss	9	**13**	(14)
Total items that may be reclassified to profit or loss		**88**	(40)
Other comprehensive loss for the year		**(115)**	(24)
Total comprehensive income for the year		**845**	1,091
Attributable to:			
Parent companies' shareholders		**840**	1,086
Non-controlling interests		**5**	5
Total comprehensive income for the year		**845**	1,091

Combined statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER	Note	2014 £m	2013 £m
Cash flows from operating activities			
Cash generated from operations	11	**1,851**	1,943
Interest paid		**(139)**	(200)
Interest received		**13**	5
Tax paid (net)		**(348)**	(362)
Net cash from operating activities		**1,377**	1,386
Cash flows from investing activities			
Acquisitions	11	**(396)**	(221)
Purchases of property, plant and equipment		**(67)**	(57)
Expenditure on internally developed intangible assets		**(203)**	(251)
Purchase of investments		**(6)**	(10)
Proceeds from disposals of property, plant and equipment		**10**	6
Gross proceeds from business disposals		**78**	311
Payments on business disposals		**(25)**	(116)
Dividends received from joint ventures		**44**	22
Net cash used in investing activities		**(565)**	(316)
Cash flows from financing activities			
Dividends paid to shareholders of the parent companies		**(565)**	(549)
Distributions to non-controlling interests		**(7)**	(6)
Increase in short term bank loans, overdrafts and commercial paper	11	**232**	169
Issuance of term debt	11	**589**	184
Repayment of term debt		**(300)**	(915)
Repayment of finance leases		**(10)**	(10)
Acquisition of non-controlling interest		**(15)**	–
Repurchase of ordinary shares	26	**(600)**	(600)
Purchase of shares by employee benefit trust	26	**(39)**	–
Proceeds on issue of ordinary shares		**45**	125
Net cash used in financing activities		**(670)**	(1,602)
Increase/(decrease) in cash and cash equivalents	11	**142**	(532)
Movement in cash and cash equivalents			
At start of year		**132**	641
Increase/(decrease) in cash and cash equivalents		**142**	(532)
Exchange translation differences		**2**	23
At end of year		**276**	132

Combined statement of financial position

AS AT 31 DECEMBER	Note	2014 £m	2013 £m
Non-current assets			
Goodwill	14	**4,981**	4,576
Intangible assets	15	**3,164**	3,124
Investments in joint ventures	16	**125**	125
Other investments	16	**112**	92
Property, plant and equipment	17	**227**	237
Deferred tax assets	19	**464**	442
Derivative financial instruments	18	**78**	64
		9,151	8,660
Current assets			
Inventories and pre-publication costs	20	**142**	142
Trade and other receivables	21	**1,487**	1,416
Derivative financial instruments	18	**31**	124
Cash and cash equivalents	11	**276**	132
		1,936	1,814
Assets held for sale		**–**	21
Total assets		**11,087**	10,495
Current liabilities			
Trade and other payables	22	**2,636**	2,595
Derivative financial instruments	18	**23**	4
Borrowings	23	**676**	648
Taxation		**582**	588
Provisions	25	**19**	17
		3,936	3,852
Non-current liabilities			
Derivative financial instruments	18	**71**	13
Borrowings	23	**3,149**	2,633
Deferred tax liabilities	19	**1,056**	1,076
Net pension obligations	5	**632**	379
Provisions	25	**104**	116
		5,012	4,217
Liabilities associated with assets held for sale		**2**	3
Total liabilities		**8,950**	8,072
Net assets		**2,137**	2,423
Capital and reserves			
Combined share capitals	26	**212**	224
Combined share premiums	26	**2,820**	2,887
Combined shares held in treasury	26	**(1,107)**	(1,464)
Translation reserve		**74**	(137)
Other combined reserves	27	**107**	880
Combined shareholders' equity		**2,106**	2,390
Non-controlling interests		**31**	33
Total equity		**2,137**	2,423

Combined statement of changes in equity

	Note	Combined share capitals £m	Combined share premiums £m	Combined shares held in treasury £m	Translation reserve £m	Other combined reserves £m	Combined shareholders' equity £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2013		223	2,727	(899)	(23)	252	2,280	34	2,314
Total comprehensive income for the year		–	–	–	(88)	1,174	1,086	5	1,091
Dividends paid	13	–	–	–	–	(549)	(549)	(6)	(555)
Issue of ordinary shares, net of expenses		1	124	–	–	–	125	–	125
Repurchase of ordinary shares		–	–	(600)	–	–	(600)	–	(600)
Increase in share based remuneration reserve (net of tax)		–	–	–	–	48	48	–	48
Settlement of share awards		–	–	40	–	(40)	–	–	–
Exchange differences on translation of capital and reserves		–	36	(5)	(26)	(5)	–	–	–
Balance at 1 January 2014		**224**	**2,887**	**(1,464)**	**(137)**	**880**	**2,390**	**33**	**2,423**
Total comprehensive income for the year		**–**	**–**	**–**	**137**	**703**	**840**	**5**	**845**
Dividends paid	13	**–**	**–**	**–**	**–**	**(565)**	**(565)**	**(7)**	**(572)**
Issue of ordinary shares, net of expenses		**2**	**43**	**–**	**–**	**–**	**45**	**–**	**45**
Repurchase of ordinary shares		**–**	**–**	**(639)**	**–**	**–**	**(639)**	**–**	**(639)**
Cancellation of shares		**(11)**	**–**	**930**	**–**	**(919)**	**–**	**–**	**–**
Increase in share based remuneration reserve (net of tax)		**–**	**–**	**–**	**–**	**48**	**48**	**–**	**48**
Settlement of share awards		**–**	**–**	**27**	**–**	**(27)**	**–**	**–**	**–**
Acquisitions		**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Acquisition of non-controlling interest		**–**	**–**	**–**	**–**	**(13)**	**(13)**	**(2)**	**(15)**
Exchange differences on translation of capital and reserves		**(3)**	**(110)**	**39**	**74**	**–**	**–**	**1**	**1**
Balance at 31 December 2014		**212**	**2,820**	**(1,107)**	**74**	**107**	**2,106**	**31**	**2,137**

Accounting policies

The Group's combined financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as issued by the International Accounting Standards Board (IASB). The combined financial statements are prepared on a going concern basis, as explained on page 73.

The Group accounting policies under IFRS are set out below.

Basis of preparation

The equalisation agreement between Reed Elsevier PLC and Reed Elsevier NV has the effect that their shareholders can be regarded as having the interests of a single economic group. For 2014 the Group combined financial statements ("the combined financial statements") represent the combined interests of both sets of shareholders and encompass the businesses of Reed Elsevier Group plc and Elsevier Reed Finance BV and their subsidiaries, associates and joint ventures, together with the two parent companies, Reed Elsevier PLC and Reed Elsevier NV ("the combined businesses").

In preparing the combined financial statements, subsidiaries of Reed Elsevier Group plc and Elsevier Reed Finance BV are accounted for under the acquisition method and investments in associates and joint ventures are accounted for under the equity method. All transactions and balances between the combined businesses are eliminated.

On acquisition of a subsidiary, or interest in an associate or joint venture, fair values, reflecting conditions at the date of acquisition, are attributed to the net assets, including identifiable intangible assets acquired. This includes those adjustments made to bring accounting policies into line with those of the combined businesses. The results of subsidiaries sold or acquired are included in the combined financial statements up to or from the date that control passes from or to the combined businesses.

Non-controlling interests in the net assets of the combined businesses are identified separately from combined shareholders' equity. Non-controlling interests consist of the amount of those interests at the date of the original acquisition and the non-controlling share of changes in equity since the date of acquisition.

These financial statements form part of the statutory information to be provided by Reed Elsevier PLC and Reed Elsevier NV, but are not for a legal entity and do not include all the information required to be disclosed by a company in its financial statements under the UK Companies Act 2006 or the Dutch Civil Code. Additional information is given in the Annual Reports and Financial Statements of the parent companies set out on pages 147 to 185. A list of principal businesses is set out on page 197.

Foreign exchange translation

The combined financial statements are presented in pounds sterling. Additional information providing a translation into euros of the primary combined financial statements and selected notes is presented on pages 135 to 145.

Transactions in foreign currencies are recorded at the rate of exchange prevailing on the date of the transaction. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing on the statement of financial position date. Exchange differences arising are recorded in the income statement other than where hedge accounting applies as set out below.

Assets and liabilities of foreign operations are translated at exchange rates prevailing on the statement of financial position date. Income and expense items and cash flows of foreign operations are translated at the average exchange rate for the period. Significant individual items of income and expense and cash flows in foreign operations are translated at the rate prevailing on the date of transaction. Exchange differences arising are classified as equity and transferred to the translation reserve. When foreign operations are disposed of, the related cumulative translation differences are recognised within the income statement in the period.

The Group uses derivative financial instruments, primarily forward contracts, to hedge its exposure to certain foreign exchange risks. Details of the Group's accounting policies in respect of derivative financial instruments are set out below.

Revenue

Revenue represents the invoiced value of sales less anticipated returns on transactions completed by performance, excluding customer sales taxes.

Revenues are recognised for the various categories as follows: subscriptions – on periodic despatch of subscribed product or rateably over the period of the subscription where performance is not measurable by despatch; transactional – on despatch or occurrence of the transaction; and advertising – on publication or over the period of online display.

Where sales consist of two or more independent components whose value can be reliably measured, revenue is recognised on each component as it is completed by performance, based on attribution of relative value.

Employee benefits

The expense of defined benefit pension schemes and other post-retirement employee benefits is determined using the projected unit credit method and charged in the income statement as an operating expense, based on actuarial assumptions reflecting market conditions at the beginning of the financial year. Actuarial gains and losses are recognised in full in the statement of comprehensive income in the period in which they occur.

Past service costs are recognised immediately at the earlier of when plan amendments or curtailments occur and when related restructuring costs or termination benefits are recognised. Settlements are recognised when they occur.

Net pension obligations in respect of defined benefit schemes are included in the statement of financial position at the present value of scheme liabilities, less the fair value of scheme assets. Where schemes are in surplus, i.e. assets exceed liabilities, the net pension assets are separately included in the statement of financial position. Any net pension asset is limited to the extent that the asset is recoverable through reductions in future contributions.

The expense of defined contribution pension schemes and other employee benefits is charged in the income statement as incurred.

Share based remuneration
The fair value of share based remuneration is determined at the date of grant and recognised as an expense in the income statement on a straight-line basis over the vesting period, taking account of the estimated number of shares that are expected to vest. Market based performance criteria are taken into account when determining the fair value at the date of grant. Non-market based performance criteria are taken into account when estimating the number of shares expected to vest. The fair value of share based remuneration is determined by use of a binomial or Monte Carlo simulation model as appropriate. All the Group's share based remuneration is equity settled.

Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to bring to use are capitalised. All other interest on borrowings is expensed as incurred. The cost of issuing borrowings is generally expensed over the period of borrowing so as to produce a constant periodic rate of charge.

Taxation
Tax expense comprises current and deferred tax. Current and deferred tax are charged or credited in the income statement except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside profit or loss (either in other comprehensive income, directly in equity, or through a business combination) in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences but not recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognised on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised, and are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognised in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination. Deferred tax is not discounted.

Goodwill
On the acquisition of a subsidiary or business, the purchase consideration is allocated between the net tangible and intangible assets on a fair value basis, with any excess purchase consideration representing goodwill. Goodwill arising on acquisitions also includes amounts corresponding to deferred tax liabilities recognised in respect of acquired intangible assets.

Goodwill is recognised as an asset and reviewed for impairment when there is an indicator that the asset may be impaired and at least annually. Any impairment is recognised immediately in the income statement and not subsequently reversed.

On disposal of a subsidiary or business, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets
Intangible assets acquired as part of a business combination are stated in the statement of financial position at their fair value as at the date of acquisition, less accumulated amortisation. Internally generated intangible assets are stated in the statement of financial position at the directly attributable cost of creation of the asset, less accumulated amortisation.

Intangible assets acquired as part of business combinations comprise: market-related assets (e.g. trademarks, imprints, brands); customer-related assets (e.g. subscription bases, customer lists, customer relationships); editorial content; software and systems (e.g. application infrastructure, product delivery platforms, in process research and development); contract-based assets (e.g. publishing rights, exhibition rights, supply contracts); and other intangible assets. Internally generated intangible assets typically comprise software and systems development where an identifiable asset is created that is probable to generate future economic benefits.

Intangible assets, other than brands and imprints determined to have indefinite lives, are amortised on a straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets with finite lives are as follows: market and customer-related assets – 3 to 40 years; content, software and other acquired intangible assets – 3 to 20 years; and internally developed intangible assets – 3 to 10 years. Brands and imprints determined to have indefinite lives are not amortised and are subject to impairment review at least annually.

Accounting policies

Property, plant and equipment
Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation. No depreciation is provided on freehold land. Freehold buildings and long leases are depreciated over their estimated useful lives up to a maximum of 50 years. Short leases are written off over the duration of the lease. Depreciation is provided on other assets on a straight-line basis over their estimated useful lives as follows: leasehold improvements – shorter of life of lease and 10 years; plant – 3 to 20 years; office furniture, fixtures and fittings – 5 to 10 years; computer systems, communication networks and equipment – 3 to 7 years.

Investments
Investments, other than investments in joint arrangements and associates, are stated in the statement of financial position at fair value. Investments held as part of the venture capital portfolio are classified as held for trading, with changes in fair value reported in disposals and other non-operating items in the income statement. All other investments are classified as available for sale with changes in fair value recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is brought into the net profit or loss for the period. All items recognised in the income statement relating to investments, other than investments in joint arrangements and associates, are reported as disposals and other non-operating items.

Available for sale investments and venture capital investments held for trading represent investments in listed and unlisted securities. The fair value of listed securities is determined based on quoted market prices, and of unlisted securities on management's estimate of fair value based on standard valuation techniques, including market comparisons and discounts of future cash flows, having regard to maximising the use of observable inputs and adjusting for risk. Advice from valuation experts is used as appropriate.

All joint arrangements are classified as joint ventures because the Group shares joint control and has rights to the net assets of the arrangements. Investments in joint ventures and associates are accounted for under the equity method and stated in the statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of net assets, less any impairment in value.

Impairment
At each statement of financial position date, the carrying amounts of tangible and intangible assets and goodwill are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of value in use and fair value less costs to sell, of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, value in use estimates are made based on the cash flows of the cash generating unit to which the asset belongs. Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is any indication that the asset may be impaired.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its net carrying amount, the net carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognised immediately in the income statement in administration and other expenses.

Inventories and pre-publication costs
Inventories and pre-publication costs are stated at the lower of cost, including appropriate attributable overhead, and estimated net realisable value. Pre-publication costs, representing costs incurred in the origination of content prior to publication, are expensed systematically reflecting the expected sales profile over the estimated economic lives of the related products, generally up to five years.

Leases
Assets held under leases which confer rights and obligations similar to those attaching to owned assets are classified as assets held under finance leases and capitalised within property, plant and equipment or software and the corresponding liability to pay rentals is shown net of interest in the statement of financial position as obligations under finance leases. The capitalised value of the assets is depreciated on a straight-line basis over the shorter of the periods of the leases or the useful lives of the assets concerned. The interest element of the lease payments is allocated so as to produce a constant periodic rate of charge.

Operating lease rentals are charged to the income statement on a straight-line basis over the period of the leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, call deposits and other short-term highly liquid investments and are held in the statement of financial position at fair value.

Assets held for sale
Assets of businesses that are available for immediate sale in their current condition and for which a sales process is considered highly probable to complete are classified as assets held for sale, and are carried at the lower of carrying value and fair value less costs to sell. Fair value is based on anticipated disposal proceeds, typically derived from firm or indicative offers from potential acquirers. Non-current assets are not amortised or depreciated following their classification as held for sale. Liabilities of businesses held for sale are also separately classified on the statement of financial position.

Financial instruments
Financial instruments comprise investments (other than investments in joint ventures or associates), trade receivables, cash and cash equivalents, payables and accruals, borrowings and derivative financial instruments.

Investments (other than investments in joint ventures and associates) are classified as either held for trading or available for sale, as described above. (These investments are typically classified as either Level 1 or 2 in the IFRS13 fair value hierarchy.) The fair value of such investments is based on either quoted market prices or other observable market inputs.

Trade receivables are carried in the statement of financial position at invoiced value less allowance for estimated irrecoverable amounts. Irrecoverable amounts are estimated based on the ageing of trade receivables, experience and circumstance.

Borrowings and payables are recorded initially at fair value and subsequently carried at amortised cost (other than fixed rate borrowings in designated hedging relationships for which the carrying amount of the hedged portion of the borrowings is subsequently adjusted for the gain or loss attributable to the hedged risk).

Derivative financial instruments are used to hedge interest rate and foreign exchange risks. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised (net of tax) directly in equity in the hedge reserve. If a hedged firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time that the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss. Any ineffective portion of hedges is recognised immediately in the income statement.

Derivative financial instruments that are not designated as hedging instruments are classified as held for trading and recorded in the statement of financial position at fair value, with changes in fair value recognised in the income statement.

Where an effective hedge is in place against changes in the fair value of fixed rate borrowings, the hedged borrowings are adjusted for changes in fair value attributable to the risk being hedged with a corresponding income or expense included in the income statement within finance costs. The offsetting gains or losses from remeasuring the fair value of the related derivatives are also recognised in the income statement within finance costs. When the related derivative expires, is sold or terminated, or no longer qualifies for hedge accounting, the cumulative change in fair value of the hedged borrowing is amortised in the income statement over the period to maturity of the borrowing using the effective interest method.

The fair values of interest rate swaps, interest rate options, forward rate agreements and forward foreign exchange contracts represent the replacement costs calculated using observable market rates of interest and exchange. The fair value of long-term borrowings is calculated by discounting expected future cash flows at observable market rates. (These instruments are accordingly classified as Level 2 in the IFRS13 fair value hierarchy.)

Cash flow hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is either retained in equity until the firm commitment or forecasted transaction occurs, or, where a hedged transaction is no longer expected to occur, is immediately credited or expensed in the income statement.

Provisions
Provisions are recognised when a present obligation exists as a result of a past event, the obligation is reasonably estimable, and it is probable that settlement will be required. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the statement of financial position date.

Shares held in treasury
Shares of Reed Elsevier PLC and Reed Elsevier NV that are repurchased by the respective parent companies and not cancelled are classified as shares held in treasury. The consideration paid, including directly attributable costs, is recognised as a deduction from equity. Shares of the parent companies that are purchased by the Employee Benefit Trust are also classified as shares held in treasury, with the cost recognised as a deduction from equity.

Critical judgements and key sources of estimation uncertainty
The most significant accounting policies in determining the financial condition and results of the combined businesses, and those requiring the most subjective or complex judgement, relate to the valuation of goodwill and intangible assets, capitalisation of development spend, taxation and accounting for defined benefit pension schemes.

Goodwill and acquired intangible assets
On acquisition of a subsidiary or business, the purchase consideration is allocated between the net tangible and intangible assets other than goodwill on a fair value basis, with any excess purchase consideration representing goodwill. The valuation of acquired intangible assets represents the estimated economic value in use, using standard valuation methodologies, including as appropriate, discounted cash flow, relief from royalty and comparable market transactions. Acquired intangible assets are capitalised and amortised systematically over their estimated useful lives, subject to impairment review.

Appropriate amortisation periods are selected based on assessments of the longevity of the brands and imprints, the strength and stability of customer relationships, the market positions of the acquired assets and the technological and competitive risks that they face. Certain intangible assets in relation to acquired science and medical publishing businesses have been determined to have indefinite lives. The longevity of these assets is evidenced by their long established and well regarded brands and imprints, and their characteristically stable market positions.

Accounting policies

The carrying amounts of goodwill and indefinite lived intangible assets in each business are reviewed for impairment at least annually. The carrying amounts of all other intangible assets are reviewed where there are indications of possible impairment. An impairment review involves a comparison of the carrying value of the asset with estimated values in use based on the latest management cash flow projections, approved by the Board. Key areas of judgement in estimating the values in use of businesses are the growth in cash flows over a forecast period of up to five years, the long-term growth rate assumed thereafter and the discount rate applied to the forecast cash flows. A description of the key assumptions and sensitivities is provided in note 14.

Development spend
Development spend embraces investment in new products and other initiatives, ranging from the building of online delivery platforms, to launch costs of new services, to building new infrastructure applications. Launch costs and other ongoing operating expenses of new products and services are expensed as incurred. The costs of building product applications, platforms and infrastructure are capitalised as intangible assets, where the investment they represent has demonstrable value and the technical and commercial feasibility is assured. Costs eligible for capitalisation must be incremental, clearly identified and directly attributable to a particular project. The resulting assets are amortised over their estimated useful lives. Impairment reviews are carried out at least annually. Judgement is required in the assessment of the potential value of a development project, the identification of costs eligible for capitalisation and the selection of appropriate asset lives.

Taxation
The Group is subject to tax in numerous jurisdictions, giving rise to complex tax issues that require management to exercise judgement in making tax determinations. While the Group is confident that tax returns are appropriately prepared and filed, amounts are provided in respect of uncertain tax positions that reflect the risk with respect to tax matters under active discussion with tax authorities, or which are otherwise considered to involve uncertainty. Amounts are provided using the best estimate of tax expected to be paid based on a qualitative assessment of all relevant factors. However, it is possible that at some future date liabilities may be adjusted as a result of audits by taxing authorities. Discussions with tax authorities relating to cross-border transactions and other matters are ongoing. Although the outcome of these discussions cannot be predicted, no significant impact on the financial position of the Group is expected.

In addition, estimation of income taxes includes assessments of the recoverability of deferred tax assets. Deferred tax assets are only recognised to the extent that they are considered recoverable based on existing tax laws and forecasts of future taxable profits against which the underlying tax deductions can be utilised. The recoverability of these assets is reassessed at the end of each reporting period, and changes in recognition of deferred tax assets will affect the tax liability in the period of that reassessment.

Pensions
The Group operates a number of defined benefit pension schemes across the world. The largest schemes are in the UK, the US and the Netherlands, as described in note 5 to the combined financial statements. These schemes require management to exercise judgement in estimating the ultimate cost of providing post-employment benefits, especially given the length of each scheme's liabilities. The recognition of certain scheme liabilities is also subject to judgement. Accounting for defined benefit pension schemes involves judgement about uncertain events, including the life expectancy of the members, salary and pension increases, inflation, the future operation of each scheme and the rate at which the future pension payments are discounted. Estimates for these factors are used in determining the pension cost and liabilities reported in the financial statements. The estimates made around future developments of each of the critical assumptions are made in conjunction with independent actuaries. Each scheme is subject to a periodic review by independent actuaries. Information regarding some of the assumptions used for valuation is provided in note 5 to the combined financial statements, together with a sensitivity analysis.

Other significant accounting policies
The accounting policies in respect of revenue recognition, pre-publication costs, and property provisioning are also significant in determining the financial condition and results of the combined businesses, although the application of these policies is more straightforward.

Revenue recognition policies, while an area of management focus, are generally straightforward in application as the timing of product or service delivery and customer acceptance for the various revenue types can be readily determined. Allowances for product returns are deducted from revenues based on historical return rates. Where sales consist of two or more components that operate independently, revenue is recognised as each component is completed by performance, based on attribution of relative value.

Pre-publication costs incurred in the creation of content prior to production and publication are typically deferred and expensed over their estimated useful lives based on sales profiles. Such costs typically comprise direct internal labour costs and externally commissioned editorial and other fees. Estimated useful lives generally do not exceed five years. Annual reviews are carried out to assess the recoverability of carrying amounts.

The Group has exposures to sub-lease shortfalls in respect of certain property leases for periods up to 2024. Provisions are recognised for net liabilities expected to arise on these exposures. Estimation of the provisions requires judgement in respect of future head lease costs, sub-lease income and the length of vacancy periods. The charge for property provisions was nil (2013: nil). Further information is provided in note 24 to the combined financial statements.

Standards and amendments effective for the year

The interpretations and amendments to IFRS effective for 2014 have not had a significant impact on the Group's accounting policies or reporting.

Standards, amendments and interpretations not yet effective

New accounting standards and amendments and their expected impact on the future accounting policies and reporting of the Group are set out below.

IFRS15 – Revenue from Contracts with Customers (effective for the 2017 financial year). The new standard provides a single point of reference for revenue recognition replacing a range of different revenue accounting standards, interpretations and guidance. The Group is in the process of assessing the impact of this new standard.

IFRS9 – Financial Instruments (effective for the 2018 financial year). The standard replaces the existing classification and measurement requirements in IAS39 for financial assets by requiring entities to classify them as being measured either at amortised cost or fair value depending on the business model and contractual cash flow characteristics of the asset. For financial liabilities, IFRS9 requires an entity choosing to measure a liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income rather than the income statement. Adoption of the standard is not expected to have a significant impact on the measurement, presentation or disclosure of financial assets and liabilities in the combined financial statements.

Additionally, a number of amendments and interpretations have been issued which are not expected to have any significant impact on the Group's accounting policies and reporting.

Notes to the combined financial statements

for the year ended 31 December 2014

1 Segment analysis

The Group is a world leading provider of professional information solutions serving four market segments: Scientific, Technical & Medical, providing information and tools to help its customers improve scientific and healthcare outcomes; Risk & Business Information, providing data, analytics and insight that enables customers to evaluate and manage risk and develop market intelligence; Legal, providing legal, tax and regulatory news and business information to legal, corporate, government, accounting and academic markets; and Exhibitions, organising exhibitions and conferences.

The Group's reported segments are based on the internal reporting structure and financial information provided to the Boards. During 2014, Risk Solutions and Business Information have been combined into one business area, having previously operated separately. Accordingly, they are now presented as a single operating segment. Comparative figures have been presented as if the businesses had operated on a combined basis in the prior year.

Following a review of activities, assets and costs across the business, the Group introduced a new method for the allocation of corporate and shared costs from 1 January 2014. Previously unallocated items and costs relating to shared activities and resources have been attributed to the business segments on the basis of usage and benefits derived. This new allocation reflects an increased level of shared resources and capitalised costs. Comparative adjusted operating profit and operating profit figures have been restated as if these allocation methods had operated in the prior year. This reflects the presentation of financial information provided to the Boards.

Adjusted operating profit is the key segmental profit measure used by the Group in assessing performance. Adjusted operating profit is reconciled to operating profit in note 10.

ANALYSIS BY BUSINESS SEGMENT	Revenue		Operating profit		Adjusted operating profit	
	2014 £m	2013 £m	2014 £m	Restated 2013 £m	2014 £m	Restated 2013 £m
Scientific, Technical & Medical	**2,048**	2,126	**684**	693	**762**	787
Risk & Business Information	**1,439**	1,480	**377**	369	**506**	507
Legal	**1,396**	1,567	**173**	161	**260**	250
Exhibitions	**890**	862	**174**	158	**217**	210
Sub-total	**5,773**	6,035	**1,408**	1,381	**1,745**	1,754
Corporate costs	**–**	–	**(6)**	(5)	**(6)**	(5)
Total	**5,773**	6,035	**1,402**	1,376	**1,739**	1,749

Share of post-tax results of joint ventures of £36m (2013: £29m) included in operating profit comprises £16m (2013: £6m) relating to Legal and £20m (2013: £23m) relating to Exhibitions.

ANALYSIS OF REVENUE BY GEOGRAPHICAL ORIGIN	2014 £m	2013 £m
North America	**2,884**	3,103
United Kingdom	**1,013**	985
The Netherlands	**636**	656
Rest of Europe	**686**	698
Rest of world	**554**	593
Total	**5,773**	6,035

ANALYSIS OF REVENUE BY GEOGRAPHICAL MARKET	2014 £m	2013 £m
North America	**2,878**	3,082
United Kingdom	**455**	443
The Netherlands	**153**	166
Rest of Europe	**1,053**	1,074
Rest of world	**1,234**	1,270
Total	**5,773**	6,035

1 Segment analysis continued

ANALYSIS OF REVENUE BY FORMAT	2014 £m	2013 £m
Electronic	**3,839**	3,971
Print	**1,012**	1,168
Face-to-face	**922**	896
Total	**5,773**	6,035

ANALYSIS OF REVENUE BY TYPE	2014 £m	2013 £m
Subscriptions	**2,966**	3,112
Transactional	**2,672**	2,683
Advertising	**135**	240
Total	**5,773**	6,035

ANALYSIS BY BUSINESS SEGMENT	Expenditure on acquired goodwill and intangible assets		Capital expenditure additions		Amortisation of acquired intangible assets		Depreciation and other amortisation	
	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	Restated 2013 £m	2014 £m	Restated 2013 £m
Scientific, Technical & Medical	**25**	50	**56**	93	**79**	86	**94**	100
Risk & Business Information	**330**	169	**53**	43	**116**	128	**34**	33
Legal	**48**	15	**145**	170	**57**	64	**94**	101
Exhibitions	**23**	56	**27**	15	**34**	40	**15**	15
Total	**426**	290	**281**	321	**286**	318	**237**	249

Capital expenditure comprises additions to property, plant and equipment and internally developed intangible assets. Amortisation of acquired intangible assets includes amounts in respect of joint ventures of £3m (2013: nil) in Legal and £1m (2013: £1m) in Exhibitions. Other than the depreciation and amortisation above, non-cash items include £32m (2013: £31m) relating to the recognition of share based remuneration, comprising £12m (2013: £11m) in Scientific, Technical & Medical, £8m (2013: £8m) in Risk & Business Information, £7m (2013: £7m) in Legal and £5m (2013: £5m) in Exhibitions.

ANALYSIS OF NON-CURRENT ASSETS BY GEOGRAPHICAL LOCATION	2014 £m	2013 £m
North America	**6,569**	6,291
United Kingdom	**701**	584
The Netherlands	**109**	125
Rest of Europe	**816**	753
Rest of world	**414**	401
Total	**8,609**	8,154

Non-current assets by geographical location exclude amounts relating to deferred tax and derivative financial instruments.

Notes to the combined financial statements

for the year ended 31 December 2014

2 Operating profit

Operating profit is stated after charging/(crediting) the following:

	Note	2014 £m	2013 £m
Staff costs			
Wages and salaries		**1,415**	1,508
Social security costs		**167**	175
Pensions	5	**95**	61
Share based remuneration	6	**32**	31
Total staff costs		**1,709**	1,775
Depreciation and amortisation			
Amortisation of acquired intangible assets	15	**282**	317
Share of joint ventures' amortisation of acquired intangible assets		**4**	1
Amortisation of internally developed intangible assets	15	**158**	160
Depreciation of property, plant and equipment	17	**79**	89
Total depreciation and amortisation		**523**	567
Other expenses and income			
Pre-publication costs, inventory expenses and other cost of sales		**2,006**	2,118
Operating lease rentals expense		**91**	108
Operating lease rentals income		**(8)**	(10)

The amortisation of acquired intangible assets is included within administration and other expenses.

3 Auditors' remuneration

	2014 £m	2013 £m
Auditors' remuneration		
Payable to the auditors of the parent companies	**0.6**	0.6
Payable to the auditors of the operating and financing businesses	**4.2**	4.3
For audit services	**4.8**	4.9
Audit-related assurance services	**0.5**	0.4
Tax services	**1.0**	1.8
Due diligence and other transaction-related services	**0.3**	–
For non-audit services	**1.8**	2.2
Total auditors' remuneration	**6.6**	7.1

Amounts payable to the auditors of the operating and financing businesses include amounts for the review and testing of internal controls over financial reporting in accordance with the US Sarbanes-Oxley Act. Non-audit services performed in the Netherlands or by Deloitte BV are limited to audit-related assurance services. The Group's policy on auditor independence is set out in the Report of the Audit Committees on page 90.

4 Personnel

NUMBER OF PEOPLE EMPLOYED: FULL TIME EQUIVALENTS	At 31 December		Average during the year	
	2014	2013	**2014**	2013
Business segment				
Scientific, Technical & Medical	**7,000**	6,700	**6,900**	6,900
Risk & Business Information	**7,400**	7,200	**7,300**	7,700
Legal	**9,500**	10,000	**9,600**	10,400
Exhibitions	**3,700**	3,400	**3,500**	3,300
Sub-total	**27,600**	27,300	**27,300**	28,300
Corporate/shared functions	**900**	900	**900**	900
Total	**28,500**	28,200	**28,200**	29,200
Geographical location				
North America	**13,300**	13,900	**13,400**	14,800
United Kingdom	**4,300**	4,100	**4,200**	4,100
The Netherlands	**1,600**	1,600	**1,600**	1,600
Rest of Europe	**2,800**	2,800	**2,800**	3,100
Rest of world	**6,500**	5,800	**6,200**	5,600
Total	**28,500**	28,200	**28,200**	29,200

5 Pension schemes

A number of pension schemes are operated around the world. Historically, the largest schemes have been local versions of the defined benefit type with assets held in separate trustee administered funds. The largest defined benefit schemes are in the UK, the US and the Netherlands.

The UK scheme is a final salary scheme and is closed to new hires. Members accrue a portion of their final pensionable earnings based on the number of years of service. The US scheme is a cash balance scheme and is closed to new hires. Members earn pay credits dependent on age and years of service up to certain limits which are added to an account balance that accrues interest at specified minimum rates. The Netherlands scheme is a career average salary scheme and remains open to new hires. Members accrue a portion of their current salary at a rate calculated to enable them to reach a pension level based on their average salary.

Each of the major defined benefit schemes is administered by a separate fund that is legally separated from the Group. The trustees of the pension funds in the UK and the Netherlands and plan fiduciaries of the US scheme are required by law to act in the interest of the funds' beneficiaries. In the UK and in the Netherlands the trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund. The boards of trustees consist of an equal number of company appointed and member nominated Directors. In the US, the fiduciary duties for the scheme are allocated between committees which are staffed by senior employees of the Group; the investment committee has the primary responsibility for the investment and management of plan assets.

The funding of the Group's major schemes reflects the different rules within each jurisdiction.

In the UK the level of funding is determined by statutory triennial actuarial valuations in accordance with pensions legislation. Where the scheme falls below 100% funded status, the Group and the scheme trustees must agree on how the deficit is to be remedied. The UK Pensions Regulator has significant powers and sets out in codes and guidance the parameters for scheme funding.

The US scheme has an annual statutory valuation which forms the basis for establishing the employer contribution each year (subject to ERISA and IRS minimums). Should the statutory funded status fall to below 100%, the US Pensions Protection Act requires the deficit to be rectified with additional contributions over a seven year period.

In the Netherlands, on a regulatory basis, with effect from 1 January 2015, the scheme funding level is determined by the new Financial Assessment Framework (nFTK). The nFTK introduces, inter alia, a 12 month average funding ratio, higher buffer requirements and stricter indexation than under previous legislation, and a 10 year recovery plan in the event of funding shortfalls. In case of a shortfall in the funding level, the first recovery plans are required to be filed with the Dutch Central Bank on 1 July 2015. On a contractual basis, the employer contribution is capped at 11.9% of salary.

Total regular employer contributions to defined benefit pension schemes in respect of 2015 are expected to be approximately £65m.

Notes to the combined financial statements

for the year ended 31 December 2014

5 Pension schemes continued

The pension expense recognised within operating expense is:

	2014 £m	2013 £m
Defined benefit pension expense	**48**	14
Defined contribution pension expense	**47**	47
Total	**95**	61

The amounts recognised in the income statement in respect of defined benefit pension schemes during the year are presented by major scheme as follows:

	2014				2013			
	UK £m	**US £m**	**NL £m**	**Total £m**	UK £m	US £m	NL £m	Total £m
Service cost	**31**	**18**	**14**	**63**	29	29	15	73
Settlements and past service credits	**–**	**–**	**(15)**	**(15)**	–	(51)	(8)	(59)
Defined benefit pension expense	**31**	**18**	**(1)**	**48**	29	(22)	7	14
Net interest on net defined benefit obligation	**8**	**4**	**3**	**15**	6	9	4	19
Net defined benefit pension expense	**39**	**22**	**2**	**63**	35	(13)	11	33

Net interest on net defined benefit pension scheme liabilities is presented within net finance costs in the income statement. Service cost, including settlements, past service credits and curtailments is presented within operating expenses.

Settlements and past service credits in 2014 relate to plan design changes and a reduction in accrued benefits in respect of the scheme in the Netherlands. Settlements and past service credits recognised in 2013 principally relate to plan design changes and the transfer out of certain deferred members in the US scheme and a reduction in accrued benefits in respect of the scheme in the Netherlands.

The significant valuation assumptions, determined for each major scheme in conjunction with the respective independent actuaries are presented below. The net defined benefit pension expense for each year is based on the assumptions and scheme valuations set at 31 December of the prior year.

	2014			2013		
As at 31 December	**UK**	**US**	**NL**	UK	US	NL
Discount rate	**3.75%**	**4.25%**	**2.30%**	4.60%	5.05%	3.60%
Inflation	**2.90%**	**2.50%**	**2.00%**	3.25%	3.00%	2.00%

Discount rates are set by reference to high-quality corporate bond yields.

Mortality assumptions make allowance for future improvements in longevity and have been determined by reference to applicable mortality statistics. The average life expectancy assumptions are set out below:

	2014			2013		
Male average life expectancy (at 31 December)	**UK**	**US**	**NL**	UK	US	NL
Member currently aged 60 years	**90**	**87**	**86**	90	84	86
Member currently aged 45 years	**92**	**87**	**87**	92	83	87

	2014			2013		
Female average life expectancy (at 31 December)	**UK**	**US**	**NL**	UK	US	NL
Member currently aged 60 years	**89**	**89**	**89**	89	86	89
Member currently aged 45 years	**91**	**90**	**90**	91	85	89

5 Pension schemes continued

The amount recognised in the statement of financial position in respect of defined benefit pension schemes at the start and end of the year and the movements during the year were as follows:

	2014				2013			
	UK £m	US £m	NL £m	Total £m	UK £m	US £m	NL £m	Total £m
Defined benefit obligation								
At start of year	**(2,882)**	**(762)**	**(716)**	**(4,360)**	(2,654)	(922)	(696)	(4,272)
Service cost	**(31)**	**(18)**	**(14)**	**(63)**	(29)	(29)	(15)	(73)
Settlements and past service credits	**–**	**–**	**15**	**15**	–	51	8	59
Interest on pension scheme liabilities	**(130)**	**(39)**	**(25)**	**(194)**	(122)	(41)	(25)	(188)
Actuarial (loss)/gain on financial assumptions	**(339)**	**(107)**	**(120)**	**(566)**	(173)	86	18	(69)
Actuarial (loss)/gain arising from experience assumptions	**26**	**(3)**	**5**	**28**	8	(10)	(3)	(5)
Contributions by employees	**(7)**	**–**	**(5)**	**(12)**	(6)	–	(5)	(11)
Benefits paid*	**96**	**52**	**27**	**175**	94	93	19	206
Exchange translation differences	**–**	**(55)**	**55**	**–**	–	10	(17)	(7)
At end of year	**(3,267)**	**(932)**	**(778)**	**(4,977)**	(2,882)	(762)	(716)	(4,360)
Fair value of scheme assets								
At start of year	**2,691**	**676**	**614**	**3,981**	2,516	710	580	3,806
Interest income on plan assets	**122**	**35**	**22**	**179**	116	32	21	169
Return on assets excluding amounts included in interest income	**110**	**72**	**90**	**272**	111	4	(1)	114
Contributions by employer	**36**	**31**	**9**	**76**	36	33	14	83
Contributions by employees	**7**	**–**	**5**	**12**	6	–	5	11
Benefits paid*	**(96)**	**(52)**	**(27)**	**(175)**	(94)	(93)	(19)	(206)
Exchange translation differences	**–**	**48**	**(48)**	**–**	–	(10)	14	4
At end of year	**2,870**	**810**	**665**	**4,345**	2,691	676	614	3,981
Net defined benefit obligation	**(397)**	**(122)**	**(113)**	**(632)**	(191)	(86)	(102)	(379)

* included in benefits paid are settlements of nil (2013: £52m).

As at 31 December 2014, the defined benefit obligations comprise £4,784m (2013: £4,200m) in relation to funded schemes and £193m (2013: £160m) in relation to unfunded schemes.

The weighted average duration of defined benefit scheme liabilities is 19 years in the UK (2013: 19 years), 15 years in the US (2013:16 years) and 24 years in the Netherlands (2013:21 years). Deferred tax assets of £161m (2013: £104m) are recognised in respect of the pension scheme deficits.

Amounts recognised in the statement of comprehensive income are set out below:

	2014 £m	2013 £m
Gains and losses arising during the year:		
Experience gains/(losses) on scheme liabilities	**28**	(5)
Experience gains on scheme assets	**272**	114
Actuarial (losses)/gains arising on the present value of scheme liabilities due to changes in:		
– discount rates	**(773)**	78
– inflation	**159**	(171)
– other actuarial assumptions	**48**	24
	(266)	40
Net cumulative losses at start of year	**(475)**	(515)
Net cumulative losses at end of year	**(741)**	(475)

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5 Pension schemes continued

The major categories and fair values of scheme assets at the end of the reporting period are as follows:

FAIR VALUE OF SCHEME ASSETS	2014 UK £m	2014 US £m	2014 NL £m	2014 Total £m	2013 UK £m	2013 US £m	2013 NL £m	2013 Total £m
Equities	**1,260**	**263**	**226**	**1,749**	1,351	174	223	1,748
Government bonds	**1,249**	**70**	**261**	**1,580**	1,089	68	261	1,418
Corporate bonds	**–**	**455**	**143**	**598**	–	411	93	504
Property funds	**270**	**–**	**30**	**300**	147	–	34	181
Cash	**74**	**2**	**5**	**81**	87	4	3	94
Other	**17**	**20**	**–**	**37**	17	19	–	36
Total	**2,870**	**810**	**665**	**4,345**	2,691	676	614	3,981

The actual return on scheme assets for the year ended 31 December 2014 was £451m (2013: £283m).

Assets and obligations associated with the schemes are sensitive to changes in the market values of assets and the market-related assumptions used to value scheme liabilities. In particular, adverse changes to asset values, discount rates or inflation could increase future pension costs and funding requirements.

Typically the Group's schemes are exposed to: investment risks, whereby actual rates of return on plan assets may be below those rates used to determine the defined benefit obligations and interest rate risks, whereby scheme deficits may increase if bond yields in the UK, the US and the Netherlands decline and are not offset by returns in government and corporate bond portfolios. The schemes are also exposed to other risks such as unanticipated future increases in: member mortality patterns; inflation; and future salaries, all potentially leading to an increase in scheme liabilities particularly in the Netherlands which is the only major scheme which remains open to new members.

Investment policies of each scheme are intended to ensure continuous payment of defined benefit pensions in the short term and long term. Efforts are made to limit risks on marketable securities by adopting investment policies that diversify assets across geographies and among equities, government and corporate bonds, property funds and cash. Asset allocations are dependent on a variety of factors including the duration of scheme liabilities and the statutory funded status of the plan.

All equities and government and corporate bonds have quoted prices in active markets.

Sensitivity analysis

The valuation of the Group's pension scheme liabilities involves significant actuarial assumptions, being the life expectancy of the members, inflation and the rate at which the future pension payments are discounted. Differences arising from actual experience or future changes in assumptions may materially affect future pension charges. In particular, changes in assumptions for discount rates, inflation and life expectancies that are reasonably possible would have the following approximate effects on the defined benefit pension obligations:

	£m
Increase/decrease of 0.25% in discount rate	**233**
Increase/decrease of 0.25% in the expected inflation rate	**121**
Increase/decrease of one year in assumed life expectancy	**131**

The above analysis has been calculated on the same basis used to determine the defined benefit obligation recognised in the statement of financial position. There has been no change in the methods used to prepare the analysis compared with prior years. This sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the above assumptions would occur in isolation of one another as some of the assumptions may be correlated.

6 Share based remuneration

The Group provides a number of share based remuneration schemes to Directors and employees. The principal share based remuneration schemes are the Executive Share Option Schemes (ESOS), the Long Term Incentive Plan (LTIP), the Reed Elsevier Growth Plan (REGP) (discontinued ater 2014), the Retention Share Plan (RSP) and the Bonus Investment Plan (BIP). Share options granted under ESOS and LTIP are exercisable after three years and up to 10 years from the date of grant at a price equivalent to the market value of the respective shares at the date of grant. Conditional shares granted under ESOS, LTIP, RSP and BIP are exercisable after three years for nil consideration if conditions are met. Conditional shares granted under REGP are exercisable for nil consideration if conditions are met after three and five years. Other awards principally relate to all employee share based saving schemes in the UK and the Netherlands.

Share based remuneration awards are, other than upon retirement or in exceptional circumstances, subject to the condition that the employee remains in employment at the time of exercise.

Conditional shares granted under LTIP, REGP, RSP and BIP between 2011 and 2014 are subject to the achievement of growth targets of Reed Elsevier PLC and Reed Elsevier NV adjusted earnings per share measured at constant exchange rates as well as the achievement of a targeted percentage return on invested capital of Reed Elsevier PLC and Reed Elsevier NV. LTIP grants between 2011 and 2014 and REGP grants in 2013 are also variable subject to the achievement of a total shareholder return performance target.

The weighted average fair value per award is based on full vesting on achievement of non-market-related performance conditions and stochastic models for market-related components. The conditional shares and option awards are recognised in the income statement over the vesting period, being between three and five years, on the basis of expected performance against the non-market-related conditions, with the fair value related to market-related components unchanging. Further details of performance conditions are given in the Directors' Remuneration Report on pages 75 to 88.

2014 GRANTS	In respect of Reed Elsevier PLC ordinary shares		In respect of Reed Elsevier NV ordinary shares	
	Number of shares '000	Weighted average fair value per award £	Number of shares '000	Weighted average fair value per award £
Share options				
– ESOS	**1,221**	**0.98**	**863**	**1.13**
– Other	**1,064**	**1.31**	**314**	**0.90**
Total share options	**2,285**	**1.13**	**1,177**	**1.07**
Conditional shares				
– ESOS	**365**	**8.27**	**258**	**11.24**
– LTIP	**1,031**	**7.81**	**729**	**10.85**
– RSP	**131**	**9.90**	**94**	**14.18**
– BIP	**769**	**9.23**	**483**	**12.88**
Total conditional shares	**2,296**	**8.48**	**1,564**	**11.74**

2013 GRANTS	In respect of Reed Elsevier PLC ordinary shares		In respect of Reed Elsevier NV ordinary shares	
	Number of shares '000	Weighted average fair value per award £	Number of shares '000	Weighted average fair value per award £
Share options				
– ESOS	1,521	1.12	1,058	1.52
– Other	645	1.29	257	1.10
Total share options	2,166	1.17	1,315	1.44
Conditional shares				
– ESOS	524	6.51	365	9.28
– LTIP	1,338	6.14	930	8.90
– RSP	10	7.35	7	10.65
– REGP	322	6.49	450	9.34
– BIP	987	7.40	615	10.69
Total conditional shares	3,181	6.63	2,367	9.51

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6 Share based remuneration continued

The main assumptions used to determine the fair values, which have been established with advice from and data provided by independent actuaries, are set out below:

ASSUMPTIONS FOR GRANTS MADE DURING THE YEAR	In respect of Reed Elsevier PLC ordinary shares		In respect of Reed Elsevier NV ordinary shares	
	2014	2013	**2014**	2013
Weighted average share price at date of grant				
– ESOS	**£9.28**	£7.35	**€15.92**	€12.53
– LTIP	**£9.29**	£7.35	**€15.94**	€12.54
– RSP	**£9.90**	£7.35	**€17.50**	€12.53
– BIP	**£9.23**	£7.39	**€15.90**	€12.53
– REGP	**–**	£7.76	**–**	€13.15
– Other	**£8.86**	£7.45	**€15.63**	€11.89
Expected share price volatility	**19%**	28%	**19%**	28%
Expected option life	**4 years**	4 years	**4 years**	4 years
Expected dividend yield	**3.8%**	4.1%	**4.5%**	4.7%
Risk free interest rate	**1.5%**	0.5%	**0.6%**	0.4%
Expected lapse rate	**2-5%**	2-5%	2-4%	2-4%

Expected share price volatility has been estimated based on relevant historical data in respect of the Reed Elsevier PLC and Reed Elsevier NV ordinary share prices. Expected share option life has been estimated based on historical exercise patterns in respect of Reed Elsevier PLC and Reed Elsevier NV share options.

The share based remuneration awards outstanding as at 31 December 2014, in respect of both Reed Elsevier PLC and Reed Elsevier NV ordinary shares, are set out below:

SHARE OPTIONS	In respect of Reed Elsevier PLC ordinary shares		In respect of Reed Elsevier NV ordinary shares	
	Number of shares under option '000	Weighted average exercise price (pence)	Number of shares under option '000	Weighted average exercise price (€)
Outstanding at 1 January 2013	19,335	529	15,582	10.63
Granted	2,166	694	1,315	12.41
Exercised	(9,102)	542	(7,628)	10.72
Forfeited	(112)	535	(167)	11.30
Expired	(560)	537	(462)	11.30
Outstanding at 1 January 2014	**11,727**	**549**	**8,640**	**10.77**
Granted	**2,285**	**827**	**1,177**	**15.86**
Exercised	**(3,318)**	**520**	**(2,740)**	**11.13**
Forfeited	**(832)**	**514**	**(348)**	**10.28**
Expired	**(535)**	**577**	**(573)**	**10.28**
Outstanding at 31 December 2014	**9,327**	**629**	**6,156**	**11.66**
Exercisable at 31 December 2013	5,150	537	5,535	11.09
Exercisable at 31 December 2014	**3,163**	**550**	**3,480**	**11.11**

6 Share based remuneration continued

CONDITIONAL SHARES	In respect of Reed Elsevier PLC ordinary shares Number of shares '000	In respect of Reed Elsevier NV ordinary shares Number of shares '000
Outstanding at 1 January 2013	11,812	6,706
Granted	3,181	2,367
Vested	(3,256)	(1,966)
Forfeited/lapsed	(1,395)	(923)
Outstanding at 1 January 2014	**10,342**	**6,184**
Granted	**2,296**	**1,564**
Vested	**(2,772)**	**(1,591)**
Forfeited/lapsed	**(1,236)**	**(622)**
Outstanding at 31 December 2014	**8,630**	**5,535**

The weighted average share price at the date of exercise of share options and vesting of conditional shares during 2014 was 885p (2013: 761p) for Reed Elsevier PLC ordinary shares and €15.03 (2013: €13.15) for Reed Elsevier NV ordinary shares.

RANGE OF EXERCISE PRICES FOR OUTSTANDING SHARE OPTIONS	2014		2013	
	Number of shares under option '000	**Weighted average remaining period until expiry (years)**	Number of shares under option '000	Weighted average remaining period until expiry (years)
Reed Elsevier PLC ordinary shares (pence)				
401-450	**834**	**1.6**	1,772	1.9
451-500	**451**	**5.4**	1,161	4.2
501-550	**3,184**	**5.5**	5,284	5.6
551-600	**576**	**2.8**	695	3.9
601-650	**788**	**2.8**	1,338	4.0
701-750	**2,301**	**6.3**	1,462	9.4
801-850	**10**	**8.6**	10	9.6
851-900	**2**	**8.9**	2	9.9
901-950	**1,088**	**9.3**	3	9.0
951-1000	**93**	**9.7**	–	–
Total	**9,327**	**5.4**	11,727	5.1
Reed Elsevier NV ordinary shares (euro)				
7.01-8.00	**24**	**4.0**	41	5.0
8.01-9.00	**1,024**	**5.7**	1,834	6.8
9.01-10.00	**1,459**	**6.4**	1,813	7.2
10.01-11.00	**60**	**2.8**	619	1.4
11.01-12.00	**587**	**1.6**	1,670	2.3
12.01-13.00	**1,424**	**6.5**	1,864	7.1
13.01-14.00	**87**	**3.7**	134	4.7
14.01-15.00	**406**	**3.0**	663	3.1
15.01-16.00	**976**	**9.2**	2	9.9
16.01-17.00	**15**	**9.0**	–	–
17.01-18.00	**94**	**9.5**	–	–
Total	**6,156**	**6.0**	8,640	5.4

Share options are expected, upon exercise, to be met principally by the issue of new ordinary shares but may also be met from shares held by the Employee Benefit Trust (EBT) (see note 26). Conditional shares will be met from shares held by the EBT.

Notes to the combined financial statements

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7 Net finance costs

	2014 £m	2013 £m
Interest on short-term bank loans, overdrafts and commercial paper	**(13)**	(11)
Interest on term debt	**(134)**	(168)
Interest on obligations under finance leases	**–**	(1)
Total borrowing costs	**(147)**	(180)
Losses on loans and derivatives not designated as hedges	**(7)**	(7)
Net financing charge on defined benefit pension schemes	**(15)**	(19)
Finance costs	**(169)**	(206)
Interest on bank deposits	**7**	4
Gains on loans and derivatives not designated as hedges	**–**	6
Finance income	**7**	10
Net finance costs	**(162)**	(196)

A net loss of £52m (2013: £1m gain) on interest rate derivatives designated as cash flow hedges was recognised directly in equity. This included losses of £54m (2013: nil) related to foreign exchange movements on debt hedges, which were reclassified immediately to the income statement and offset £54m (2013: nil) of foreign exchange gains on the related debt. The remaining gain of £2m (2013: £1m) recognised in equity may be reclassified to the income statement in future periods. Including the £54m (2013: nil) of foreign exchange losses, losses of £56m (2013: £3m) in total were transferred from the hedge reserve in the period.

8 Disposals and other items

	2014 £m	2013 £m
Revaluation of held for trading investments	**8**	5
(Loss)/gain on disposal of businesses and assets held for sale	**(19)**	11
Net (losses)/gains on disposals and other items	**(11)**	16

9 Taxation

	2014 £m	2013 £m
Current tax		
United Kingdom	**(36)**	(50)
The Netherlands	**(93)**	(80)
Rest of world	**(228)**	(222)
Total current tax charge	**(357)**	(352)
Deferred tax	**88**	271
Tax expense	**(269)**	(81)

The decrease in the UK current tax charge over the year reflects the reduction in the UK statutory rate of tax, and the settlement of prior year tax matters.

9 Taxation continued

The net tax expense charged on profit before tax differs from the theoretical amount that would arise using the weighted average of tax rates applicable to accounting profits and losses of the consolidated entities, as follows:

	2014 £m	2013 £m
Profit before tax	**1,229**	1,196
Tax at average applicable rates	**(292)**	(280)
Tax on share of results of joint ventures	**21**	10
Expenses not deductible for tax purposes and US state taxes	**(26)**	(38)
Non-taxable costs of share based remuneration	**–**	3
Non-deductible disposal-related gains and losses	**(22)**	(22)
Tax losses of the period not recognised	**(4)**	(4)
Recognition and utilisation of tax losses that arose in prior years	**4**	9
Deferred tax credit on the alignment of business assets	**–**	221
Other adjustments in respect of prior periods	**50**	24
Deferred tax effect of changes in tax rates	**–**	(4)
Tax expense	**(269)**	(81)

The weighted average applicable tax rate for the year was 23.7% (2013: 23.4%). This increase is caused by a change in the relative profitability of the Group entities in the countries in which they operate, partially offset by the impact of the reduction in the tax rate of the UK (see below).

During 2013, the Group aligned certain business assets with their global management structure. As a result of this alignment the tax deductible value of these assets was updated to market value. This resulted in a deferred tax credit of £221m which was excluded from adjusted earnings along with other deferred tax assets from intangible assets.

The following tax has been recognised in other comprehensive income or directly in equity during the year:

	2014 £m	2013 £m
Tax on items that will not be reclassified to profit or loss		
Tax on actuarial movements on defined benefit pension schemes	**63**	(24)
	63	(24)
Tax on items that may be reclassified to profit or loss		
Tax on fair value movements on cash flow hedges	**13**	(14)
	13	(14)
Net tax credit/(debit) recognised in other comprehensive income	**76**	(38)
Tax credit on share based remuneration recognised directly in equity	**20**	20

A number of changes to the UK corporation tax system, including reductions of the main rate of corporation tax from 23% to 21% with effect from 1 April 2014, and from 21% to 20% with effect from 1 April 2015, were substantively enacted on 2 July 2013. The Group has measured its UK deferred tax assets and liabilities at the end of the reporting period at 20% (2013: 20%).

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10 Adjusted figures

The Group uses adjusted figures as additional performance measures. Adjusted operating profit excludes amortisation of acquired intangible assets, acquisition-related costs and the share of taxes in joint ventures. Acquisition-related costs relate to acquisition integration, transaction-related fees, and those elements of deferred and contingent consideration required to be expensed under IFRS. Adjusted profit before tax also excludes disposal-related and other non-operating items and the net financing charge or credit on defined benefit pension schemes. The adjusted tax charge excludes the tax effect of these adjusting items and movements on deferred tax assets and liabilities related to goodwill and acquired intangible assets. It includes the benefit of tax amortisation where available on goodwill and acquired intangible assets. Adjusted cash flow is measured after net capital expenditure and dividends from joint ventures, but before payments in relation to prior year exceptional restructuring programmes and acquisition-related costs. Adjusted figures are derived as follows:

	2014 £m	2013 £m
Operating profit	**1,402**	1,376
Adjustments:		
Amortisation of acquired intangible assets	**286**	318
Acquisition-related costs	**30**	43
Reclassification of tax in joint ventures	**21**	12
Adjusted operating profit	**1,739**	1,749
Profit before tax	**1,229**	1,196
Adjustments:		
Amortisation of acquired intangible assets	**286**	318
Acquisition related costs	**30**	43
Reclassification of tax in joint ventures	**21**	12
Net financing charge on defined benefit pension schemes	**15**	19
Disposals and other non-operating items	**11**	(16)
Adjusted profit before tax	**1,592**	1,572
Tax charge	**(269)**	(81)
Adjustments:		
Deferred tax movements on goodwill and acquired intangible assets	**(6)**	7
Tax on acquisition-related costs	**(9)**	(12)
Reclassification of tax in joint ventures	**(21)**	(12)
Tax on net financing charge on defined benefit pension schemes	**(4)**	(6)
Tax on disposals and other non-operating items	**3**	34
Other deferred tax credits from intangible assets*	**(68)**	(300)
Adjusted tax charge	**(374)**	(370)
Net profit attributable to parent companies' shareholders	**955**	1,110
Adjustments (post tax):		
Amortisation of acquired intangible assets	**280**	325
Acquisition-related costs	**21**	31
Net financing charge on defined benefit pension schemes	**11**	13
Disposals and other non-operating items	**14**	18
Other deferred tax credits from intangible assets*	**(68)**	(300)
Adjusted net profit attributable to parent companies' shareholders	**1,213**	1,197
Cash generated from operations	**1,851**	1,943
Dividends received from joint ventures	**44**	22
Purchases of property, plant and equipment	**(67)**	(57)
Proceeds from disposals of property, plant and equipment	**10**	6
Expenditure on internally developed intangible assets	**(203)**	(251)
Payments in relation to exceptional restructuring costs	**–**	12
Payments in relation to acquisition-related costs	**27**	28
Adjusted cash flow	**1,662**	1,703

* Movements on deferred tax liabilities arising on acquired intangible assets that do not qualify for tax amortisation and in 2013 non-recurring deferred tax credits arising on the alignment of certain business assets with their global management structure.

11 Statement of cash flows

RECONCILIATION OF OPERATING PROFIT BEFORE JOINT VENTURES TO CASH GENERATED FROM OPERATIONS

	2014 £m	2013 £m
Operating profit before joint ventures	**1,366**	1,347
Amortisation of acquired intangible assets	**282**	317
Amortisation of internally developed intangible assets	**158**	160
Depreciation of property, plant and equipment	**79**	89
Share based remuneration	**32**	31
Total non-cash items	**551**	597
Decrease in inventories and pre-publication costs	**3**	10
(Increase)/decrease in receivables	**(66)**	5
Decrease in payables	**(3)**	(16)
Increase in working capital	**(66)**	(1)
Cash generated from operations	**1,851**	1,943

CASH FLOW ON ACQUISITIONS

	Note	2014 £m	2013 £m
Purchase of businesses	12	**(347)**	(194)
Investment in joint ventures		**(15)**	(6)
Deferred payments relating to prior year acquisitions		**(34)**	(21)
Total		**(396)**	(221)

RECONCILIATION OF NET BORROWINGS

	Cash and cash equivalents £m	Borrowings £m	Related derivative financial instruments £m	2014 £m	2013 £m
At start of year	**132**	**(3,281)**	**77**	**(3,072)**	(3,127)
Increase/(decrease) in cash and cash equivalents	**142**	**–**	**–**	**142**	(532)
Net movement in short-term bank loans, overdrafts and commercial paper	**–**	**(241)**	**9**	**(232)**	(169)
Issuance of term debt	**–**	**(589)**	**–**	**(589)**	(184)
Repayment of term debt	**–**	**300**	**–**	**300**	915
Repayment of finance leases	**–**	**10**	**–**	**10**	10
Change in net borrowings resulting from cash flows	**142**	**(520)**	**9**	**(369)**	40
Borrowings in acquired businesses	**–**	**(20)**	**–**	**(20)**	–
Inception of finance leases	**–**	**(3)**	**–**	**(3)**	(12)
Fair value and other adjustments to borrowings and related derivatives	**–**	**78**	**(85)**	**(7)**	(1)
Exchange translation differences	**2**	**(79)**	**(2)**	**(79)**	28
At end of year	**276**	**(3,825)**	**(1)**	**(3,550)**	(3,072)

Net borrowings comprise cash and cash equivalents, loan capital, finance leases, promissory notes, bank and other loans, derivative financial instruments that are used to hedge certain borrowings, and adjustments in respect of cash collateral received/paid.

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12 Acquisitions

During the year a number of acquisitions were made for a total consideration of £356m (2013: £239m), after taking account of net cash acquired of £9m (2013: £14m). The net assets of the businesses acquired are incorporated at their fair value to the combined businesses. Provisional fair values of the consideration given and of the assets and liabilities acquired are summarised below:

	Fair value 2014 £m	Fair value 2013 £m
Goodwill	**240**	157
Intangible assets	**187**	133
Property, plant and equipment	**3**	–
Current assets	**21**	9
Current liabilities	**(39)**	(21)
Borrowings	**(20)**	–
Deferred tax	**(36)**	(39)
Net assets acquired	**356**	239
Consideration (after taking account of £9m (2013: £14m) net cash acquired)	**356**	239
Less: consideration deferred to future years	**(8)**	(36)
Less: acquisition date fair value of equity interest	**(1)**	(9)
Net cash flow	**347**	194

Goodwill, being the excess of the consideration over the net tangible and intangible assets acquired, represents benefits which do not qualify for recognition as intangible assets, including the ability of a business to generate higher returns than individual assets, skilled workforces; and acquisition synergies that are specific to the Group. In addition, goodwill arises on the recognition of deferred tax liabilities in respect of intangible assets for which amortisation does not qualify for tax deductions.

The fair values of the assets and liabilities acquired are provisional pending the completion of the valuation exercises. Final fair values will be incorporated in the 2015 combined financial statements. There were no significant adjustments to the provisional fair values of prior year acquisitions established in 2013.

The businesses acquired in 2014 contributed £37m to revenue, increased adjusted operating profit by £7m, increased adjusted net profit by £3m, decreased net profit by £6m; and contributed a net cash inflow of £3m from operating activities for the part year under the Group's ownership and before taking account of acquisition financing costs. Had the businesses been acquired at the beginning of the year, on a pro forma basis the Group revenues, adjusted operating profit, adjusted net profit attributable to parent companies' shareholders and net profit attributable to parent companies' shareholders for the year would have been £5,840m, £1,746m, £1,215m and £957m respectively before taking account of acquisition financing costs.

13 Equity dividends

ORDINARY DIVIDENDS DECLARED AND PAID IN THE YEAR	**2014 £m**	2013 £m
Reed Elsevier PLC	**285**	278
Reed Elsevier NV	**281**	273
Total	**566**	551

Ordinary dividends declared and paid in the year, in amounts per ordinary share, comprise: a 2013 final dividend of 17.95p and a 2014 interim dividend of 7.00p giving a total of 24.95p (2013: 23.65p) for Reed Elsevier PLC; and a 2013 final dividend of €0.374 and a 2014 interim dividend of €0.151 giving a total of €0.525 (2013: €0.469) for Reed Elsevier NV.

The Directors of Reed Elsevier PLC have proposed a final dividend of 19.00p (2013: 17.95p). The Directors of Reed Elsevier NV have proposed a final dividend of €0.438 (2013: €0.374). The total cost of funding the proposed final dividends is expected to be £445m, for which no liability has been recognised at the statement of financial position date.

13 Equity dividends continued

ORDINARY DIVIDENDS PAID AND PROPOSED RELATING TO THE FINANCIAL YEAR	2014 £m	2013 £m
Reed Elsevier PLC	**294**	283
Reed Elsevier NV	**312**	288
Total	**606**	571

Dividends paid to Reed Elsevier PLC and Reed Elsevier NV shareholders are, other than in special circumstances, equalised at the gross level inclusive of the UK tax credit of 10% available to certain Reed Elsevier PLC shareholders.

14 Goodwill

	2014 £m	2013 £m
At start of year	**4,576**	4,545
Acquisitions	**240**	157
Disposals/reclassified as held for sale	**(34)**	(46)
Exchange translation differences	**199**	(80)
At end of year	**4,981**	4,576

The carrying amount of goodwill is after cumulative amortisation of £1,106m (2013: £1,154m) which was charged prior to the adoption of IFRS and £9m (2013: £9m) of subsequent impairment charges recorded in prior years.

Impairment review

Impairment testing of goodwill and indefinite lived intangible assets is performed at least annually in accordance with the methodology described within critical judgements and key sources of estimation uncertainty on page 99. There were no charges for impairment of goodwill in 2014 (2013: nil).

Goodwill is compiled and assessed among groups of cash generating units (CGUs), which represent the lowest level at which goodwill is monitored by management. Typically, acquisitions are integrated into existing business units, and the goodwill arising is allocated to the groups of CGUs that are expected to benefit from the synergies of the acquisition. As the business areas have become increasingly integrated and globalised, management has reviewed the allocation of goodwill to groups of CGUs. In order to reflect the global leverage of assets, skills, knowledge and technology platforms, and consequential changes to the monitoring of goodwill by management, the number of groups of CGUs to which goodwill is allocated has been reduced from 25 in 2013 to 5 in 2014. Reducing the number of groups of CGUs had no impact on the carrying values of goodwill, which are set out below:

GOODWILL	2014 £m	2013 £m
Scientific, Technical & Medical	**1,109**	1,051
Risk Solutions	**1,779**	1,604
Business Information	**480**	374
Legal	**1,199**	1,121
Exhibitions	**414**	426
Total	**4,981**	4,576

The key assumptions for each group of CGUs are disclosed below.

KEY ASSUMPTIONS	Pre-tax discount rate	Nominal long-term market growth rate
Scientific, Technical & Medical	**10.4%**	3.0%
Risk Solutions	**11.5%**	3.0%
Business Information	**11.7%**	3.0%
Legal	**11.5%**	2.0%
Exhibitions	**11.7%**	3.0%

The pre-tax discount rates used are based on the Group's weighted average cost of capital, adjusted to reflect a risk premium specific to each business. Nominal long-term market growth rates, which are applied after the forecast period of up to five years, do not exceed the long-term average growth prospects for the sectors and territories in which the businesses operate.

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14 Goodwill continued

A sensitivity analysis has been performed based on changes in key assumptions considered to be reasonably possible by management: an increase in the discount rate of 0.5%; a decrease in the compound annual growth rate for adjusted cash flow in the five-year forecast period of 2.0%; and a decrease in the nominal long-term market growth rates of 0.5%. The sensitivity analysis shows that no impairment charges would result from these scenarios.

15 Intangible assets

	Market and customer related £m	Content, software and other £m	Total acquired intangible assets £m	Internally developed intangible assets £m	Total £m
Cost					
At 1 January 2013	2,816	3,090	5,906	1,517	7,423
Acquisitions	49	84	133	–	133
Additions	–	–	–	251	251
Disposals/reclassified as held for sale	(55)	(216)	(271)	(27)	(298)
Exchange translation differences	(65)	(16)	(81)	(24)	(105)
At 1 January 2014	**2,745**	**2,942**	**5,687**	**1,717**	**7,404**
Acquisitions	**69**	**117**	**186**	**1**	**187**
Additions	**–**	**–**	**–**	**207**	**207**
Disposals/reclassified as held for sale	**–**	**(62)**	**(62)**	**(73)**	**(135)**
Exchange translation differences	**151**	**44**	**195**	**32**	**227**
At 31 December 2014	**2,965**	**3,041**	**6,006**	**1,884**	**7,890**
Accumulated amortisation					
At 1 January 2013	870	2,408	3,278	870	4,148
Charge for the year	178	139	317	160	477
Disposals/reclassified as held for sale	(55)	(216)	(271)	(22)	(293)
Exchange translation differences	(26)	(15)	(41)	(11)	(52)
At 1 January 2014	**967**	**2,316**	**3,283**	**997**	**4,280**
Charge for the year	**154**	**128**	**282**	**158**	**440**
Disposals/reclassified as held for sale	**–**	**(44)**	**(44)**	**(64)**	**(108)**
Exchange translation differences	**58**	**43**	**101**	**13**	**114**
At 31 December 2014	**1,179**	**2,443**	**3,622**	**1,104**	**4,726**
Net book amount					
At 31 December 2013	1,778	626	2,404	720	3,124
At 31 December 2014	**1,786**	**598**	**2,384**	**780**	**3,164**

Intangible assets acquired as part of business combinations comprise: market-related assets (e.g. trademarks, imprints, brands); customer-related assets (e.g. subscription bases, customer lists, customer relationships); and content, software and other intangible assets (e.g. editorial content, software and product delivery systems, other publishing rights, exhibition rights and supply contracts). Included in content, software and other acquired intangible assets are assets with a net book value of £265m (2013: £353m) that arose on acquisitions completed prior to the adoption of IFRS that have not been allocated to specific categories of intangible assets. Internally developed intangible assets typically comprise software and systems development where an identifiable asset is created that is expected to generate future economic benefits.

Included in market and customer-related intangible assets are £369m (2013: £347m) of brands and imprints relating to Scientific, Technical & Medical determined to have indefinite lives based on an assessment of their historical longevity and stable market positions. Indefinite lived intangibles are tested for impairment at least annually using the same value in use assumptions as set out in critical judgements and key sources of estimation uncertainty on pages 99 and 100.

16 Investments

	2014 £m	2013 £m
Investments in joint ventures	**125**	125
Available for sale investments	**2**	2
Venture capital investments held for trading	**110**	90
Total	**237**	217

The value of venture capital investments held for trading, determined by reference to quoted market prices, amounted to nil (2013: £12m). The value of other venture capital investments and available for sale investments has been determined by reference to other observable market inputs. Gains and losses included in the combined income statement are provided in note 8.

An analysis of changes in the carrying value of investments in joint ventures is set out below:

	2014 £m	2013 £m
At start of year	**125**	100
Share of results of joint ventures	**36**	29
Dividends received from joint ventures	**(44)**	(22)
Disposals and transfers	**(1)**	(3)
Additions	**15**	21
Exchange translation differences	**(6)**	–
At end of year	**125**	125

The principal joint ventures at 31 December 2014 are exhibition joint ventures within Exhibitions and Giuffrè and Martindale within Legal.

Summarised aggregate information in respect of joint ventures and the Group's share is set out below:

	Total joint ventures		Reed Elsevier share	
	2014 £m	2013 £m	2014 £m	2013 £m
Revenue	**284**	225	**153**	110
Net profit for the year	**69**	57	**36**	29
Total assets	**285**	246	**138**	117
Total liabilities	**(181)**	(134)	**(91)**	(64)
Net assets	**104**	112	**47**	53
Goodwill			**78**	72
Total			**125**	125

The Group's combined other comprehensive income includes nil (2013: nil) relating to joint ventures.

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17 Property, plant and equipment

	2014			2013		
	Land and buildings £m	**Fixtures and equipment £m**	**Total £m**	Land and buildings £m	Fixtures and equipment £m	Total £m
Cost						
At start of year	**210**	**558**	**768**	218	537	755
Acquisitions	**–**	**3**	**3**	–	–	–
Capital expenditure	**9**	**61**	**70**	4	66	70
Disposals/reclassified as held for sale	**(25)**	**(40)**	**(65)**	(8)	(34)	(42)
Exchange translation differences	**7**	**18**	**25**	(4)	(11)	(15)
At end of year	**201**	**600**	**801**	210	558	768
Accumulated depreciation						
At start of year	**117**	**414**	**531**	116	375	491
Disposals/reclassified as held for sale	**(16)**	**(38)**	**(54)**	(6)	(32)	(38)
Charge for the year	**9**	**70**	**79**	9	80	89
Exchange translation differences	**4**	**14**	**18**	(2)	(9)	(11)
At end of year	**114**	**460**	**574**	117	414	531
Net book amount	**87**	**140**	**227**	93	144	237

No depreciation is provided on freehold land of £14m (2013: £14m). The net book amount of property, plant and equipment at 31 December 2014 includes £13m (2013: £17m) in respect of assets held under finance leases relating to fixtures and equipment.

18 Financial instruments

The main financial risks faced by the Group are liquidity risk, market risk – comprising interest rate risk and foreign exchange risk – and credit risk. Financial instruments are used to finance the Group businesses and to hedge interest rate and foreign exchange risks. The Group's businesses do not enter into speculative derivative transactions. Details of financial instruments subject to liquidity, market and credit risks are described below.

Liquidity risk

The Group maintains a range of borrowing facilities and debt programmes to fund its requirements, at short notice and at competitive rates.

The balance of long-term debt, short-term debt and committed bank facilities is managed to provide security of funding, taking into account the cash generation cycle of the business and the uncertain size and timing of acquisition spend. To accommodate the significant free cash flow generated by the Group and to capitalise on an inexpensive source of funding, a meaningful portion of the overall debt portfolio is typically kept short term as long as there exists acceptable liquidity in the commercial paper markets and sufficient capacity under committed credit lines. The treasury policies ensure adequate liquidity by requiring (a) that no more than $1.5bn of term debt matures in any 12-month period, (b) that the sum of term debt maturing over the ensuing 12 months plus commercial paper is less than the sum of available cash plus committed facilities and (c) minimum levels of borrowing with maturities over three and five years are maintained.

The treasury policies ensure debt efficiency by (a) targeting certain levels of commercial paper across a given year, (b) maintaining a weighted average maturity of the gross debt portfolio of approximately 5 years and (c) minimising surplus cash balances. From time to time, based on cash flow and market conditions, the Group may redeem term debt early or repurchase outstanding debt in the open market. Debt is issued to meet the funding requirements of various jurisdictions and in the currency that is needed. It is recognised that debt can act as a natural translation hedge of earnings and net assets in currencies other than the reporting currencies. For this reason, a significant proportion of the Group's net debt has historically been denominated in US dollars, reflecting the size and importance of the US businesses.

There were no changes to the Group's long-term approach to capital and liquidity management during the year.

The remaining contractual maturities for borrowings and derivative financial instruments are shown in the table below. The table shows undiscounted principal and interest cash flows and includes contractual gross cash flows to be exchanged as part of cross currency interest rate swaps and forward foreign exchange contracts where there is a legal right of set-off.

18 Financial instruments continued

At 31 December 2014	Carrying amount £m	Contractual cash flow: Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	More than 5 years £m	Total £m
Borrowings								
Fixed rate borrowings	**(2,937)**	**(263)**	**(536)**	**(432)**	**(265)**	**(632)**	**(1,631)**	**(3,759)**
Floating rate borrowings	**(888)**	**(551)**	**(3)**	**(275)**	**(65)**	**–**	**(2)**	**(896)**
Derivative financial liabilities								
Interest rate derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Cross-currency interest rate swaps	**(47)**	**(11)**	**(10)**	**(318)**	**(188)**	**–**	**–**	**(527)**
Forward foreign exchange contracts	**(47)**	**(1,288)**	**(474)**	**(150)**	**(58)**	**–**	**–**	**(1,970)**
Derivative financial assets								
Interest rate derivatives	**46**	**14**	**13**	**11**	**4**	**4**	**5**	**51**
Cross-currency interest rate swaps	**6**	**3**	**3**	**275**	**181**	**–**	**–**	**462**
Forward foreign exchange contracts	**57**	**1,293**	**475**	**150**	**62**	**–**	**–**	**1,980**
Total	**(3,810)**	**(803)**	**(532)**	**(739)**	**(329)**	**(628)**	**(1,628)**	**(4,659)**

At 31 December 2013	Carrying amount £m	Contractual cash flow: Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	More than 5 years £m	Total £m
Borrowings								
Fixed rate borrowings	(2,931)	(497)	(243)	(524)	(420)	(264)	(1,909)	(3,857)
Floating rate borrowings	(350)	(288)	(61)	–	(1)	–	(2)	(352)
Derivative financial liabilities								
Interest rate derivatives	(4)	–	–	–	(1)	(4)	(7)	(12)
Cross-currency interest rate swaps	(6)	(180)	(3)	(5)	(7)	(193)	–	(388)
Forward foreign exchange contracts	(7)	(1,031)	(402)	(222)	–	–	–	(1,655)
Derivative financial assets								
Interest rate derivatives	19	13	11	6	1	–	–	31
Cross-currency interest rate swaps	70	247	2	2	3	189	–	443
Forward foreign exchange contracts	99	1,082	431	233	–	–	–	1,746
Total	(3,110)	(654)	(265)	(510)	(425)	(272)	(1,918)	(4,044)

The carrying amount of derivative financial liabilities comprises £3m (2013: £10m) in relation to fair value hedges, £78m (2013: £7m) in relation to cash flow hedges and £9m (2013: nil) not designated as hedging instruments, plus £4m of cash collateral received from swap counterparties which has been added to the related derivative financial liabilities (2013: £13m which has been offset against the related derivative financial assets) (see 'Credit risk' below). The carrying amount of derivative financial assets comprises £46m (2013: £84m) in relation to fair value hedges, £60m (2013: £88m) in relation to cash flow hedges and £3m (2013: £29m) not designated as hedging instruments. The expected cash flows in respect of the cash collateral have been included in the tables above together with the cash flows for the related cross-currency interest rate swaps.

At 31 December 2014, the Group had access to a $2,000m committed bank facility maturing in July 2019, which was undrawn. This facility backs up short-term borrowings. All borrowings that mature within the next two years can be covered by the facility and by utilising available cash resources.

The committed bank facility, together with certain private placements, are subject to financial covenants typical to the Group's size and financial strength. The Group had significant headroom within these covenants for the year ended 31 December 2014. There are no financial covenants in any outstanding public bonds.

Market risk

The Group's primary market risks are to interest rate fluctuations and exchange rate movements. Derivatives are used to hedge or reduce the risks of interest rate and exchange rate movements and are not entered into unless such risks exist. Derivatives used by the Group for hedging a particular risk are not specialised and are generally available from numerous sources. The impact of market risks on net post employment benefit obligations and taxation is excluded from the following market risk sensitivity analysis.

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18 Financial instruments continued

Interest rate exposure management

The Group's interest rate exposure management policy aims to reduce the exposure of the combined businesses to changes in interest rates at efficient cost. To achieve this the Group uses fixed rate term debt, interest rate swaps, forward rate agreements and interest rate options. Interest rate derivatives are used only to hedge an underlying risk and no net market positions are held.

At 31 December 2014, 52% of gross borrowings were either fixed rate or had been fixed through the use of interest rate swaps, forward rate agreements and options. A 100 basis point reduction in interest rates would result in an estimated decrease in net finance costs of £16m (2013: £12m), based on the composition of financial instruments including cash, cash equivalents, bank loans and commercial paper borrowings at 31 December 2014. A 100 basis point rise in interest rates would result in an estimated increase in net finance costs of £16m (2013: £12m).

The impact on net equity of a theoretical change in interest rates as at 31 December 2014 is restricted to the change in carrying value of floating rate to fixed rate interest rate derivatives in a designated cash flow hedge relationship and undesignated interest rate derivatives, of which there were none in the Group as at 31 December 2014. A 100 basis point reduction in interest rates would therefore result in a reduction in net equity of nil (2013: nil) and a 100 basis point increase in interest rates would increase net equity by nil (2013: £1m). The impact of a change in interest rates on the carrying value of fixed rate borrowings in a designated fair value hedge relationship would be offset by the change in carrying value of the related interest rate derivative. Fixed rate borrowings not in a designated hedging relationship are carried at amortised cost.

Foreign currency exposure management

Translation exposures arise on the earnings and net assets of business operations in countries other than those of each parent company. Some of these exposures are offset by denominating borrowings in US dollars. Currency exposures on transactions denominated in a foreign currency are generally hedged using forward contracts. In addition, recurring transactions and future investment exposures may be hedged, in advance of becoming contractual. The precise policy differs according to the specific circumstances of the individual businesses. Highly predictable future cash flows may be covered for transactions expected to occur during the next 24 months (50 months for the Scientific, Technical & Medical subscription businesses) within limits defined according to the period before the transaction is expected to become contractual. Cover takes the form of foreign exchange forward contracts.

As at 31 December 2014, the amount of outstanding foreign exchange cover against future transactions was £1.4bn (2013: £1.3bn).

A theoretical weakening of all currencies by 10% against sterling at 31 December 2014 would decrease the carrying value of net assets, excluding net borrowings, by £524m (2013: £500m). This would be offset to a degree by a decrease in net borrowings of £255m (2013: £246m). A strengthening of all currencies by 10% against sterling at 31 December 2014 would increase the carrying value of net assets, excluding net borrowings, by £524m (2013: £500m) and increase net borrowings by £255m (2013: £246m).

A retranslation of the combined businesses' net profit for the year assuming a 10% weakening of all foreign currencies against sterling but excluding transactional exposures would reduce net profit by £80m (2013: £92m). A 10% strengthening of all foreign currencies against sterling on this basis would increase net profit for the year by £80m (2013: £92m).

Credit risk

The Group seeks to limit interest rate and foreign exchange risks described above by the use of financial instruments and as a result has a credit risk from the potential non-performance by the counterparties to these financial instruments, which are unsecured.
The amount of this credit risk is normally restricted to the amounts of any hedge gain and not the principal amount being hedged. The Group also has a credit exposure to counterparties for the full principal amount of cash and cash equivalents. Credit risks are controlled by monitoring the credit quality of these counterparties, principally licensed commercial banks and investment banks with strong long-term credit ratings, and the amounts outstanding with each of them.

In certain situations, the Group enters into credit support arrangements with derivative counterparties to mitigate the credit exposures arising from hedge gains on the related financial instruments. Under these arrangements, the Group receives (or pays) cash collateral equal to the mark to market valuation of the related derivative asset (or liability) on monthly settlement dates. At 31 December 2014, £4m (2013: £13m) of cash collateral had been received, and the resulting payable balance was added to the related derivative liabilities of £1m (2013: £13m offset against the related derivative assets of £12m) in the statement of financial position.

The Group has treasury policies in place which do not allow concentrations of risk with individual counterparties and do not allow significant treasury exposures with counterparties which are rated lower than A-/A3 by Standard & Poor's, Moody's and Fitch. At 31 December 2014, cash and cash equivalents totalled £276m (2013: £132m), of which 96% (2013: 90%) was held with banks rated A-/A3 or better.

18 Financial instruments continued

The Group also has credit risk with respect to trade receivables due from its customers that include national and state governments, academic institutions and large and small enterprises including law firms, book stores and wholesalers. The concentration of credit risk from trade receivables is limited due to the large and broad customer base. Trade receivable exposures are managed locally in the business units where they arise. Where appropriate, business units seek to minimise this exposure by taking payment in advance and through management of credit terms. Allowance is made for bad and doubtful debts based on management's assessment of the risk taking into account the ageing profile, experience and circumstance. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, recorded in the statement of financial position.

Included within trade receivables are the following amounts which are past due but for which no allowance has been made. Past due up to one month £136m (2013: £156m); past due two to three months £66m (2013: £76m); past due four to six months £30m (2013: £26m); and past due greater than six months £7m (2013: £7m). Examples of trade receivables which are past due but for which no allowance has been made include those receivables where there is no concern over the creditworthiness of the customer and where the history of dealings with the customer indicate the amount will be settled.

Hedge accounting
The hedging relationships that are designated under IAS39 – Financial Instruments are described below:

Fair value hedges
The Group has entered into interest rate swaps and cross-currency interest rate swaps to hedge the exposure to changes in the fair value of fixed rate borrowings due to interest rate and foreign currency movements which could affect the income statement. Interest rate derivatives (including cross-currency interest rate swaps) with a principal amount of £908m were in place at 31 December 2014 swapping fixed rate term debt issues denominated in US dollars (USD), sterling and euros to floating rate USD, sterling and euro debt respectively for the whole or part of their term (2013: £1,104m swapping fixed rate term debt issues denominated in USD, sterling, euros and Swiss francs (CHF) to floating rate USD, sterling, euro and USD debt respectively for the whole or part of their term).

The gains and losses on the borrowings and related derivatives designated as fair value hedges, which are included in the income statement, for the two years ended 31 December 2014 were as follows:

GAINS/(LOSSES) ON BORROWINGS AND RELATED DERIVATIVES	1 January 2013 £m	Fair value movement gain/(loss) £m	Exchange gain/(loss) £m	**1 January 2014 £m**	**Fair value movement gain/(loss) £m**	**Exchange gain/(loss) £m**	**31 December 2014 £m**
USD debt	–	6	–	**6**	**(3)**	**–**	**3**
Related interest rate swaps	–	(6)	–	**(6)**	**3**	**–**	**(3)**
	–	–	–	**–**	**–**	**–**	**–**
GBP debt	(36)	17	–	**(19)**	**(1)**	**–**	**(20)**
Related interest rate swaps	36	(17)	–	**19**	**1**	**–**	**20**
	–	–	–	**–**	**–**	**–**	**–**
EUR debt	(8)	13	(1)	**4**	**(31)**	**1**	**(26)**
Related interest rate swaps	8	(13)	1	**(4)**	**31**	**(1)**	**26**
	–	–	–	**–**	**–**	**–**	**–**
CHF debt	(80)	14	1	**(65)**	**65**	**–**	**–**
Related CHF to USD cross-currency interest rate swaps	80	(14)	(1)	**65**	**(65)**	**–**	**–**
	–	–	–	**–**	**–**	**–**	**–**
Total relating to USD, GBP, EUR and CHF debt	(124)	50	–	**(74)**	**30**	**1**	**(43)**
Total related interest rate derivatives	124	(50)	–	**74**	**(30)**	**(1)**	**43**
Net gain	–	–	–	**–**	**–**	**–**	**–**

All fair value hedges were highly effective throughout the two years ended 31 December 2014.

Gross borrowings as at 31 December 2014 included £29m (2013: £31m) in relation to fair value adjustments to borrowings previously designated in a fair value hedge relationship which were de-designated in 2008. The related derivatives were closed out on de-designation with a cash inflow of £62m. £4m (2013: £5m) of these fair value adjustments were amortised in the year as a reduction to finance costs.

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18 Financial instruments continued

Cash flow hedges

The Group enters into two types of cash flow hedge:

1 Debt hedges comprising interest rate derivatives which fix the interest expense on a portion of forecast floating rate debt (including commercial paper, short-term bank loans and floating rate term debt), and cross-currency interest rate derivatives which hedge the cash flow exposure arising from foreign currency denominated debt.

2 Revenue hedges comprising forward foreign exchange contracts which fix the exchange rate on a portion of future foreign currency subscription revenues forecast by the Scientific, Technical & Medical businesses for up to 50 months.

Movements in the hedge reserve in 2013 and 2014, including gains and losses on cash flow hedging instruments, were as follows:

	Debt hedges £m	Revenue hedges £m	Total hedge reserve pre-tax £m
Hedge reserve at 1 January 2013: (losses)/gains deferred	(2)	37	35
Gains arising in 2013	1	64	65
Amounts recognised in income statement	3	(6)	(3)
Exchange translation differences	–	(1)	(1)
Hedge reserve at 1 January 2014: gains deferred	**2**	**94**	**96**
Losses arising in 2014	**(52)**	**(29)**	**(81)**
Amounts recognised in income statement	**56**	**(37)**	**19**
Exchange translation differences	**–**	**1**	**1**
Hedge reserve at 31 December 2014: gains deferred	**6**	**29**	**35**

All cash flow hedges were highly effective throughout the two years ended 31 December 2014.

A tax charge of £10m (2013: £23m) in respect of the above gains and losses at 31 December 2014 was also deferred in the hedge reserve.

Of the amounts recognised in the income statement in the year, gains of £37m (2013: £6m) were recognised in revenue, and losses of £56m (2013: £3m) were recognised in finance costs. A tax charge of £9m (2013: £1m) was recognised in relation to these items.

The deferred gains and losses on cash flow hedges at 31 December 2014 are currently expected to be recognised in the income statement in future years as follows:

	Debt hedges £m	Revenue hedges £m	Total hedge reserve pre-tax £m
2015	**(1)**	**24**	**23**
2016	**–**	**6**	**6**
2017	**2**	**(2)**	**–**
2018	**5**	**1**	**6**
2019	**–**	**–**	**–**
Gains deferred in hedge reserve at end of year	**6**	**29**	**35**

The cash flows for these hedges are expected to occur in line with the recognition of the gains and losses in the income statement, other than in respect of certain forward foreign exchange hedges on subscriptions, where cash flows may occur in advance of the subscription year.

19 Deferred tax

	2014 £m	2013 £m
Deferred tax assets	**464**	442
Deferred tax liabilities	**(1,056)**	(1,076)
Total	**(592)**	(634)

Movements in deferred tax liabilities and assets (before taking into consideration the offsetting of balances within the same jurisdiction) are summarised as follows:

	Deferred tax liabilities			Deferred tax assets				
	Excess of tax allowances over amortisation £m	Acquired intangible assets £m	Other temporary differences £m	Excess of amortisation over tax allowances £m	Tax losses carried forward £m	Pensions liabilities £m	Other temporary differences £m	Total £m
Deferred tax (liability)/asset at 1 January 2013	(223)	(772)	(108)	9	23	153	78	(840)
(Charge)/credit to profit	(138)	98	(106)	346	(8)	(26)	105	271
(Charge)/credit to equity/other comprehensive income	–	–	(6)	–	–	(24)	12	(18)
Acquisitions	–	(39)	–	–	–	–	–	(39)
Disposals/reclassified as held for sale	(3)	(18)	(9)	–	–	–	–	(30)
Exchange translation differences	13	13	4	(6)	(1)	1	(2)	22
Deferred tax (liability)/asset at 1 January 2014	**(351)**	**(718)**	**(225)**	**349**	**14**	**104**	**193**	**(634)**
Credit/(charge) to profit	**11**	**71**	**(18)**	**(4)**	**5**	**(6)**	**29**	**88**
(Charge)/credit to equity/other comprehensive income	**–**	**–**	**(8)**	**–**	**–**	**63**	**15**	**70**
Acquisitions	**–**	**(53)**	**–**	**–**	**17**	**–**	**–**	**(36)**
Exchange translation differences	**(21)**	**(34)**	**10**	**(22)**	**–**	**–**	**(13)**	**(80)**
Deferred tax (liability)/asset at 31 December 2014	**(361)**	**(734)**	**(241)**	**323**	**36**	**161**	**224**	**(592)**

Other deferred tax liabilities includes temporary differences in respect of plant, property and equipment, capitalised development spend and financial instruments. Other deferred tax assets includes temporary differences in respect of share based remuneration, provisions and financial instruments.

Deferred tax assets in respect of tax losses and other deductible temporary differences have only been recognised to the extent that it is more likely than not that sufficient taxable profits will be available to allow the asset to be recovered. Accordingly, no deferred tax asset has been recognised in respect of unused trading losses of approximately £80m (2013: £84m) carried forward at year end. The deferred tax asset not recognised in respect of these losses is approximately £19m (2013: £20m). Of the unrecognised losses, £49m (2013: £56m) will expire if not utilised within 10 years, and £31m (2013: £28m) will expire after more than 10 years.

Deferred tax assets of approximately £13m (2013: £14m) have not been recognised in respect of tax losses and other temporary differences carried forward of £65m (2013: £69m) which can only be used to offset future capital gains.

Notes to the combined financial statements

for the year ended 31 December 2014

20 Inventories and pre-publication costs

	2014 £m	2013 £m
Raw materials	**2**	3
Pre-publication costs	**92**	90
Finished goods	**48**	49
Total	**142**	142

21 Trade and other receivables

	2014 £m	2013 £m
Trade receivables	**1,361**	1,299
Allowance for doubtful debts	**(50)**	(57)
	1,311	1,242
Prepayments and accrued income	**176**	174
Total	**1,487**	1,416

Trade receivables are predominantly non-interest bearing and their carrying amounts approximate to their fair value.

Trade receivables are stated net of allowances for bad and doubtful debts. The movements in the provision during the year were as follows:

	2014 £m	2013 £m
At start of year	**57**	51
Charge for the year	**8**	17
Trade receivables written off	**(14)**	(11)
Exchange translation differences	**(1)**	–
At end of year	**50**	57

22 Trade and other payables

	2014 £m	2013 £m
Trade payables	**333**	330
Accruals	**462**	443
Social security and other taxes	**88**	88
Other payables	**300**	331
Deferred income	**1,453**	1,403
Total	**2,636**	2,595

Trade and other payables are predominately non-interest bearing and their carrying amounts approximate to their fair value.

23 Borrowings

	2014			2013		
	Falling due within 1 year £m	**Falling due in more than 1 year £m**	**Total £m**	Falling due within 1 year £m	Falling due in more than 1 year £m	Total £m
Financial liabilities measured at amortised cost:						
Short-term bank loans, overdrafts and commercial paper	**548**	**–**	**548**	287	–	287
Term debt	**–**	**1,823**	**1,823**	–	1,223	1,223
Finance leases	**7**	**5**	**12**	9	8	17
Term debt in fair value hedging relationships	**–**	**951**	**951**	240	938	1,178
Term debt previously in fair value hedging relationships	**121**	**370**	**491**	112	464	576
Total	**676**	**3,149**	**3,825**	648	2,633	3,281

The total fair value of financial liabilities measured at amortised cost is £2,597m (2013: £1,709m). The total fair value of term debt in fair value hedging relationships is £1,045m (2013: £1,288m). The total fair value of term debt previously in fair value hedging relationships is £588m (2013: £650m).

In 2013, £186m principal amount of term debt maturing in 2019 was exchanged for £235m principal amount of term debt maturing in 2022 and cash. The exchange is treated as a debt modification for accounting purposes. The premium arising is offset against the carrying amount of the newly issued term debt maturing in 2022 and will be amortised over its life.

Analysis by year of repayment

	2014				2013			
	Short-term bank loans, overdrafts and commercial paper £m	**Term debt £m**	**Finance leases £m**	**Total £m**	Short-term bank loans, overdrafts and commercial paper £m	Term debt £m	Finance leases £m	Total £m
Within 1 year	**548**	**121**	**7**	**676**	287	352	9	648
Within 1 to 2 years	**–**	**400**	**4**	**404**	–	174	5	179
Within 2 to 3 years	**–**	**615**	**1**	**616**	–	400	3	403
Within 3 to 4 years	**–**	**242**	**–**	**242**	–	341	–	341
Within 4 to 5 years	**–**	**553**	**–**	**553**	–	181	–	181
After 5 years	**–**	**1,334**	**–**	**1,334**	–	1,529	–	1,529
After 1 year	**–**	**3,144**	**5**	**3,149**	–	2,625	8	2,633
Total	**548**	**3,265**	**12**	**3,825**	287	2,977	17	3,281

Short-term bank loans, overdrafts and commercial paper were backed up at 31 December 2014 by a $2,000m (£1,284m) committed bank facility maturing in July 2019, which was undrawn.

Analysis by currency

	2014				2013			
	Short-term bank loans, overdrafts and commercial paper £m	**Term debt £m**	**Finance leases £m**	**Total £m**	Short-term bank loans, overdrafts and commercial paper £m	Term debt £m	Finance leases £m	Total £m
US dollars	**254**	**1,788**	**12**	**2,054**	87	1,800	17	1,904
£ sterling	**69**	**1,020**	**–**	**1,089**	27	719	–	746
Euro	**224**	**457**	**–**	**681**	167	458	–	625
Other currencies	**1**	**–**	**–**	**1**	6	–	–	6
Total	**548**	**3,265**	**12**	**3,825**	287	2,977	17	3,281

Included in the US dollar amounts for term debt above is £449m (2013: £427m) of debt denominated in euros (€350m; 2013: nil) and Swiss francs (CHF 275m; 2013: CHF 625m) that was swapped into US dollars on issuance and against which there are related derivative financial instruments, which, as at 31 December 2014, had a fair value of £40m (2013: £81m).

Notes to the combined financial statements

for the year ended 31 December 2014

24 Lease arrangements

Finance leases

At 31 December 2014 future finance lease obligations fall due as follows:

	2014 £m	2013 £m
Within one year	**7**	9
In the second to fifth years inclusive	**5**	8
	12	17
Less future finance charges	**–**	–
Total	**12**	17
Present value of future finance lease obligations payable:		
Within one year	**7**	9
In the second to fifth years inclusive	**5**	8
Total	**12**	17

The fair value of the lease obligations approximates to their carrying amount.

Operating leases

The Group leases various properties, principally offices and warehouses, which have varying terms and renewal rights that are typical to the territory in which they are located.

At 31 December 2014 outstanding commitments under non–cancellable operating leases fall due as follows:

	2014 £m	2013 £m
Within one year	**96**	103
In the second to fifth years inclusive	**279**	275
After five years	**148**	169
Total	**523**	547

Of the above outstanding commitments, £509m (2013: £528m) relate to land and buildings.

The Group has a number of properties that are sub-leased. The future lease receivables contracted with sub-tenants fall due as follows:

	2014 £m	2013 £m
Within one year	**15**	16
In the second to fifth years inclusive	**46**	43
After five years	**21**	25
Total	**82**	84

25 Provisions

	2014 £m	2013 £m
At start of year	**133**	169
Charged	**–**	–
Utilised	**(16)**	(35)
Exchange translation differences	**6**	(1)
Total	**123**	133

Provisions principally relate to leasehold properties, including sub-lease shortfalls and guarantees given in respect of certain property leases for various periods up to 2024.

At 31 December 2014, provisions are included within current and non-current liabilities as follows:

	2014 £m	2013 £m
Current liabilities	**19**	17
Non-current liabilities	**104**	116
Total	**123**	133

26 Combined share capitals, share premiums and shares held in treasury

Combined share capitals exclude the shares of Reed Elsevier NV held by a subsidiary of Reed Elsevier PLC. Disclosures in respect of share capital are given in note 11 to the Reed Elsevier PLC consolidated financial statements and note 12 to the Reed Elsevier NV consolidated financial statements. Combined share premiums exclude the share premium in respect of shares of Reed Elsevier NV held by a subsidiary of Reed Elsevier PLC.

During the year, Reed Elsevier PLC repurchased 35.2m Reed Elsevier PLC ordinary shares and Reed Elsevier NV repurchased 20.4m Reed Elsevier NV ordinary shares for consideration of £600m. These shares are held in treasury. In addition, Reed Elsevier NV repurchased 107,901 R shares. During the year 65m Reed Elsevier PLC and 40m Reed Elsevier NV shares held in treasury were cancelled.

The Employee Benefit Trust (EBT) purchases Reed Elsevier PLC and Reed Elsevier NV shares which, at the trustees' discretion, can be used in respect of the exercise of share options and to meet commitments under conditional share awards. During the year, the EBT purchased 0.8m Reed Elsevier PLC shares and 2.0m Reed Elsevier NV shares for a total cost of £39m (2013: nil). At 31 December 2014, shares held by the EBT were £117m (2013: £112m) at cost.

Details of the shares held in treasury are provided in note 11 of the Reed Elsevier PLC consolidated financial statements and note 12 of the Reed Elsevier NV consolidated financial statements.

27 Other combined reserves

	Hedge reserve 2014 £m	Other reserves 2014 £m	Total 2014 £m	Total 2013 £m
At start of year	**73**	**807**	**880**	252
Profit attributable to parent companies' shareholders	**–**	**955**	**955**	1,110
Dividends paid	**–**	**(565)**	**(565)**	(549)
Actuarial (losses)/gains on defined benefit pension schemes	**–**	**(266)**	**(266)**	40
Fair value movements on cash flow hedges	**(81)**	**–**	**(81)**	65
Transfer to net profit from cash flow hedge reserve	**19**	**–**	**19**	(3)
Tax recognised in other comprehensive income	**13**	**63**	**76**	(38)
Increase in share based remuneration reserve (net of tax)	**–**	**48**	**48**	48
Cancellation of shares	**–**	**(919)**	**(919)**	–
Settlement of share awards	**–**	**(27)**	**(27)**	(40)
Acquisition of non-controlling interest	**–**	**(13)**	**(13)**	–
Exchange translation differences	**1**	**(1)**	**–**	(5)
At end of year	**25**	**82**	**107**	880

Other reserves principally comprise retained earnings and the share based remuneration reserve.

Notes to the combined financial statements

for the year ended 31 December 2014

28 Related party transactions

Transactions between the combined businesses have been eliminated within the combined financial statements. Transactions with joint ventures were made on normal market terms of trading and comprise sales of goods and services of nil (2013: £1m). As at 31 December 2014, amounts owed by joint ventures were £1m (2013: £7m) and amounts due to joint ventures were £6m (2013: £6m). Key management personnel are also related parties as defined by IAS24 – Related Party Disclosures and comprise the Executive and Non-Executive Directors of Reed Elsevier PLC and Reed Elsevier NV.

Key management personnel remuneration is set out below. The remuneration details of Executive Directors employed during 2014 are given in the Directors' Remuneration Report single total remuneration table on page 76, with these details forming an integral part of the financial statements. For reporting purposes, salary, benefits and annual incentive payments are considered short-term employee benefits.

KEY MANAGEMENT PERSONNEL REMUNERATION	2014 £m	2013 £m
Salaries, other short-term employee benefits and non-executive fees	**5**	4
Post employment benefits	**1**	1
Share based remuneration*	**5**	4
Total	**11**	9

EXECUTIVE DIRECTORS		Salary £'000	Benefits £'000	Annual Incentive £'000	Cost of share based remuneration* £'000	Cost of pension provision* £'000	Total £'000
	2014	**1,763**	**236**	**1,855**	**5,284**	**711**	**9,849**
Total Executive Directors	2013	1,677	260	1,743	3,898	642	8,220

*The share based remuneration charge comprises the multi-year incentive scheme charges in accordance with IFRS2 – Share Based Payment. These IFRS2 charges do not reflect the actual value received on vesting. The cost of pension provision comprises the transfer value of the increase in accrued pension during the year (net of inflation, Directors' contributions and participation fee) for defined benefit schemes and payments made to defined contribution schemes or in lieu of pension.

NON-EXECUTIVE DIRECTORS	2014 £'000	2013 £'000
Fees and benefits	**1,143**	1,088

The remuneration details of Non-Executive Directors are set out in the Remuneration Report on page 79, with these details forming an integral part of the financial statements. Termination benefits of £238,023 were paid to Directors during 2014 (2013:nil), further details are shown on page 76. No loans, advances or guarantees have been provided on behalf of any Director. The aggregate gains made by Executive Directors on the exercise of options during 2014 were £1,101,114 (2013: £2,526,305). Details of Directors' remuneration are set out in the Directors' Remuneration Report on pages 75 to 88.

29 Exchange rates

The following exchange rates have been applied in preparing the combined financial statements:

	Income statement		Statement of financial position	
	2014	2013	**2014**	2013
Euro to sterling	**1.24**	1.18	**1.29**	1.20
US dollars to sterling	**1.65**	1.56	**1.56**	1.66

30 Approval of financial statements

The combined financial statements were approved and authorised for issue by the Boards of Directors of Reed Elsevier PLC and Reed Elsevier NV on 25 February 2015.

Independent auditors' report

to the members of Reed Elsevier PLC and shareholders of Reed Elsevier NV

Opinion on our audit of the combined financial statements of Reed Elsevier

In our opinion the combined financial statements:

- give a true and fair view of the state of affairs of Reed Elsevier PLC, Reed Elsevier NV, RELX Group plc, Elsevier Reed Finance BV and their subsidiaries, associates and joint ventures (together "the combined businesses") as at 31 December 2014 and of their profit and their cash flows for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

We have audited the combined financial statements of the combined businesses which comprise the combined income statement, the combined statement of comprehensive income, the combined statement of cash flows, the combined statement of financial position, the combined statement of changes in equity, a summary of the significant accounting policies and the related notes 1 to 30. The financial reporting framework that has been applied in the preparation is applicable law and IFRSs as adopted by the European Union.

We are independent of the combined businesses within the meaning of the FRC's Ethical Standards for Auditors and relevant Dutch ethical requirements as included in "Verordening op de gedrags- en beroepsregels accountants" (VGBA) and the "Verordening inzake de onafhankelijkheid van accountants bij assurance opdrachten"(ViO) and have fulfilled our other responsibilities under those ethical requirements.

Key audit matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the combined financial statements. They included the risks of material misstatement which had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. We have communicated these key audit matters to the Audit Committees; the Audit Committees' consideration of these risks is set out on page 89. The key audit matters are not a comprehensive reflection of all matters discussed.

Our audit procedures relating to these matters were addressed in the context of our audit of the combined financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these individual matters.

The accounting policies and critical judgements made in respect of these matters are included on pages 96 – 101.

KEY AUDIT MATTER	HOW WE RESPONDED
The assessment of the carrying value of goodwill and acquired intangible assets; The combined businesses had £4,981 million of goodwill and £2,384 million of acquired intangible assets as at 31 December 2014. The quantum of these balances together with the judgements required to be made when performing an impairment review have resulted in us considering this a significant risk.	We have tested the operating effectiveness of management's internal controls in their review of the carrying values for goodwill and acquired intangible assets including controls over the valuation model and assumptions applied. We challenged management on the level at which goodwill is monitored and the identification of cash generating units. This included checking consistency with how goodwill is allocated and monitored by the businesses. We challenged management's assumptions used in the impairment model with certain key assumptions outlined in Note 14 to the combined financial statements. Specifically we challenged the cash flow projections, discount rate, perpetuity growth rates and sensitivities used, with assistance from our valuations experts where appropriate, by looking at external market data and assessing the historical accuracy of management's forecasting.
The carrying value of internally developed intangible assets in accordance with IAS 38 "Intangible Assets"; The closing net book value of all capitalised development projects is £780 million. The quantum of these balances, the significant level of additions, and the judgements required to be made when performing an impairment review have resulted in us considering this a significant risk.	We tested the operating effectiveness of relevant internal controls related to the capitalisation of internally developed intangible assets and their subsequent valuation, including the assessment of useful economic lives. We have tested the amounts capitalised in the period to ensure the right to capitalise is in accordance with the requirements of IFRS. We also challenged management's assessment as to whether development projects in-progress were still expected to deliver sufficient positive economic benefits to the combined businesses upon their completion, and for completed development projects, considered whether the useful economic lives selected remained appropriate.
Revenue recognition, including the timing of revenue recognition; and the accounting for multiple element arrangements; The Group's businesses continue to evolve and new business models can result in new revenue arrangements. This can result in circumstances which require careful consideration to determine how revenue should be recognised.	We have tested revenue recognition in each of the full scope audit locations including testing the associated internal controls. We performed analytical reviews on revenues recognised to identify any material new revenue streams and tested the timing of recognition and accounting for multiple element arrangements in accordance with IFRS. We also focused our audit procedures on the nature of revenues, the degree of automation, unusual contractual terms and the requirement for exercise of significant management judgement. Our testing included agreeing amounts to customer contracts and, verifying the extent, timing and customer acceptance of delivery, where relevant.

Independent auditors' report

to the members of Reed Elsevier PLC and shareholders of Reed Elsevier NV

KEY AUDIT MATTER	HOW WE RESPONDED
The valuation of amounts recorded for uncertain tax positions The Group operates in a significant number of jurisdictions around the world, all with differing tax regimes with complex cross-border arrangements, and is therefore open to challenge from multiple tax authorities.	Our audit team was supported by tax experts in testing the relevant uncertain tax positions, including assumptions and estimates used, and tested the operating effectiveness of management's relevant controls. We considered the appropriateness of management's assumptions and estimates in relation to uncertain tax positions, challenging those assumptions and considering advice received by management from external parties to support their analysis and accounting for the uncertain tax position in accordance with IFRS.
The valuation of defined benefit pension liabilities The combined businesses' operate defined benefit pension schemes for existing and former employees in three main jurisdictions. The liabilities for these schemes are valued using data on scheme members and applying certain actuarial assumptions. The gross pension liabilities total £4,977 million (2013: £4,360 million) as set out in Note 5.	We tested management's controls over the valuation of pension liabilities. We engaged our actuarial specialists to assist in the auditing of management's assumptions used to value the pension liabilities. For each of the three main jurisdictions we considered the appropriateness of the assumptions both individually and when combined with the other assumptions. We performed testing on the member data used by management's actuaries to determine the valuation of the liabilities.

Our application of materiality
A misstatement arising from fraud or error will be 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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have considered a number of benchmarks in order to guide our determination of our materiality. Based on our professional judgement, we determined materiality for the combined businesses to be £85 million, which is around 7% of pre-tax profit and below 5% of equity. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Our audit work at the operating locations was executed at levels of materiality lower than the materiality for the combined businesses and was capped at £30 million or $50 million.

We agreed with the Audit Committees that we would report to them all audit misstatements in excess of £1.7 million, as well as smaller misstatements that, in our view, must be reported on qualitative grounds.

An overview of the scope of our group audit
Our audit of the combined financial statements was scoped by obtaining an understanding of the combined businesses and their environment, including the entity-wide controls, and assessing the risks of material misstatement at the combined businesses level. Based on that risk assessment, we designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. In making those risk assessments, we considered internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. As part of an audit in accordance with the applicable standards, we exercised professional judgment and maintain professional scepticism throughout the planning and performance of the audit.

Based on that assessment, our audit scope for the combined businesses focused primarily on the audits of seventeen operating locations, which represent the principal business units within the combined businesses' four reportable segments. These locations, together with the combined businesses' head office functions, which were also subject to a full scope audit, account for 92% of the combined businesses' net assets, 93% of the combined businesses' liabilities, 79% of the combined businesses' revenue, 89% of the combined businesses' adjusted operating profit and 94% of the combined businesses' profit before tax. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. The combined businesses' audit team continued to follow a programme of planned visits that has been designed so that the Audit Partners of Reed Elsevier PLC and Reed Elsevier NV visit the key locations. The Audit Partners also attend audit close meetings with management of each of the group's four operating segments, alongside the local auditors of the business units.

We also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain responsible for our audit opinion.

Going concern
The combined financial statements have been prepared using the going concern basis of accounting. In preparing the combined financial statements, management is responsible for assessing the combined businesses ability to continue as a going concern. Based on the relevant financial reporting frameworks, management should prepare the combined financial statements using the going concern basis of accounting unless management either intends to liquidate the combined businesses or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the combined businesses' ability to continue as a going concern.

We have reviewed the Report of the Boards on page 73 where the Boards have not identified a material uncertainty that may cast significant doubt on the combined businesses' ability to continue as a going concern. We confirm that:

- we have not identified material uncertainties related to events or conditions that may cast significant doubt on the combined businesses' ability to continue as a going concern which we believe would need to be disclosed in accordance with IFRSs as adopted by the European Union; and

- we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the combined businesses' ability to continue as a going concern.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the combined businesses to cease to continue as a going concern.

Other matters
The separate audit reports on the consolidated and stand-alone financial statements of Reed Elsevier PLC and Reed Elsevier NV, which have been audited under locally adopted auditing standards and which include the other opinions required by local laws and regulations, appear on pages 162 and 183.

Responsibilities of directors
As explained more fully in the Directors' responsibilities statement, the Boards are responsible for the preparation and fair presentation of the combined financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for being satisfied that they give a true and fair view and for such internal control as they determine is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

The Audit Committees assist the respective Boards in overseeing the combined businesses' financial reporting process.

Our Responsibility for the audit of the financial statements
Our responsibility is to audit and express an opinion on the combined financial statements in accordance with International Standards on Auditing (UK and Ireland) as issued by the United Kingdom Auditing Practices Board and Dutch Law, including the Dutch Standards on Auditing. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are required to communicate with the Audit Committees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We are also required to provide the Audit Committees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

Scope of the audit of the combined financial statements
An audit involves obtaining evidence about the amounts and disclosures in the combined financial statements sufficient to give reasonable assurance that the combined financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance does not provide an absolute level of assurance which means we may not have detected all errors and fraud. An audit includes an assessment of: whether the accounting policies are appropriate to the combined businesses' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the combined financial. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited combined financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with ISAs (UK and Ireland), Dutch Standards on Auditing, ethical standards and relevant independence requirements. Our audit included:

- identifying and assessing the risks of material misstatement of the combined financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the combined businesses' internal control;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the combined businesses' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the combined businesses to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Engagement
We were engaged by the Audit Committees as auditor of Reed Elsevier PLC and as auditor of Reed Elsevier NV for the audit of the financial year ended 31 December 2014 and have operated as statutory auditor since 1994.

Graham Richardson (Senior statutory auditor)	M.J. van der Vegte
For and on behalf of;	
Deloitte LLP	**Deloitte Accountants B.V.**
Chartered Accountants	Amsterdam
and Statutory Auditor	The Netherlands
London, United Kingdom	
25 February 2015	25 February 2015

Summary combined financial information in euros

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Introduction

The combined financial statements are presented in pounds sterling. This summary financial information presents the primary combined financial statements and selected notes in euros using the exchange rates provided in note 29 to the combined financial statements.

Combined income statement

FOR THE YEAR ENDED 31 DECEMBER	Note	2014 €m	2013 €m
Revenue	1	**7,159**	7,121
Cost of sales		**(2,488)**	(2,499)
Gross profit		**4,671**	4,622
Selling and distribution costs		**(1,158)**	(1,186)
Administration and other expenses		**(1,819)**	(1,847)
Operating profit before joint ventures	1	**1,694**	1,589
Share of results of joint ventures		**44**	35
Operating profit	1	**1,738**	1,624
Finance income		**9**	12
Finance costs		**(210)**	(243)
Net finance costs		**(201)**	(231)
Disposals and other non-operating items		**(14)**	19
Profit before tax		**1,523**	1,412
Current tax		**(443)**	(416)
Deferred tax		**110**	320
Tax expense		**(333)**	(96)
Net profit for the year		**1,190**	1,316
Attributable to:			
Parent companies' shareholders		**1,184**	1,310
Non-controlling interests		**6**	6
Net profit for the year		**1,190**	1,316

Combined statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER	Note	2014 €m	2013 €m
Net profit for the year		**1,190**	1,316
Items that will not be reclassified to profit or loss:			
Actuarial (losses)/gains on defined benefit pension schemes	2	**(330)**	47
Tax on items that will not be reclassified to profit or loss		**78**	(28)
Total items that will not be reclassified to profit or loss		**(252)**	19
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**371**	(171)
Fair value movements on cash flow hedges		**(100)**	77
Transfer to net profit from cash flow hedge reserve		**24**	(3)
Tax on items that may be reclassified to profit or loss		**16**	(17)
Total items that may be reclassified to profit or loss		**311**	(114)
Other comprehensive income/(loss) for the year		**59**	(95)
Total comprehensive income for the year		**1,249**	1,221
Attributable to:			
Parent companies' shareholders		**1,243**	1,215
Non-controlling interests		**6**	6
Total comprehensive income for the year		**1,249**	1,221

Combined statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER	Note	2014 €m	2013 €m
Cash flows from operating activities			
Cash generated from operations	4	**2,295**	2,293
Interest paid		**(172)**	(236)
Interest received		**16**	6
Tax paid (net)		**(432)**	(427)
Net cash from operating activities		**1,707**	1,636
Cash flows from investing activities			
Acquisitions		**(491)**	(261)
Purchases of property, plant and equipment		**(83)**	(67)
Expenditure on internally developed intangible assets		**(252)**	(296)
Purchase of investments		**(7)**	(12)
Proceeds from disposals of property, plant and equipment		**12**	7
Gross proceeds from business disposals		**97**	367
Payments on business disposals		**(31)**	(137)
Dividends received from joint ventures		**55**	26
Net cash used in investing activities		**(700)**	(373)
Cash flows from financing activities			
Dividends paid to shareholders of the parent companies		**(701)**	(648)
Distributions to non-controlling interests		**(9)**	(7)
Increase in short-term bank loans, overdrafts and commercial paper		**288**	199
Issuance of term debt		**730**	217
Repayment of term debt		**(372)**	(1,080)
Repayment of finance leases		**(12)**	(12)
Acquisition of non-controlling interest		**(19)**	–
Repurchase of ordinary shares		**(744)**	(708)
Purchase of shares by employee benefit trust		**(48)**	–
Proceeds on issue of ordinary shares		**56**	148
Net cash used in financing activities		**(831)**	(1,891)
Increase/(decrease) in cash and cash equivalents	4	**176**	(628)
Movement in cash and cash equivalents			
At start of year		**158**	788
Increase/(decrease) in cash and cash equivalents		**176**	(628)
Exchange translation differences		**22**	(2)
At end of year		**356**	158

Combined statement of financial position

AS AT 31 DECEMBER	Note	2014 €m	2013 €m
Non-current assets			
Goodwill		**6,425**	5,491
Intangible assets		**4,082**	3,749
Investments in joint ventures		**161**	150
Other investments		**144**	110
Property, plant and equipment		**293**	285
Deferred tax assets		**599**	530
Derivative financial instruments		**101**	77
		11,805	10,392
Current assets			
Inventories and pre-publication costs		**183**	171
Trade and other receivables		**1,918**	1,699
Derivative financial instruments		**40**	149
Cash and cash equivalents	4	**356**	158
		2,497	2,177
Assets held for sale		**–**	25
Total assets		**14,302**	12,594
Current liabilities			
Trade and other payables		**3,400**	3,114
Derivative financial instruments		**30**	5
Borrowings	5	**872**	778
Taxation		**751**	705
Provisions		**24**	20
		5,077	4,622
Non-current liabilities			
Derivative financial instruments		**92**	16
Borrowings	5	**4,062**	3,159
Deferred tax liabilities		**1,362**	1,291
Net pension obligations	2	**815**	455
Provisions		**134**	139
		6,465	5,060
Liabilities associated with assets held for sale		**3**	4
Total liabilities		**11,545**	9,686
Net assets		**2,757**	2,908
Capital and reserves			
Combined share capitals		**273**	269
Combined share premiums		**3,638**	3,464
Combined shares held in treasury		**(1,428)**	(1,757)
Translation reserve		**285**	25
Other combined reserves		**(51)**	867
Combined shareholders' equity		**2,717**	2,868
Non-controlling interests		**40**	40
Total equity		**2,757**	2,908

Combined statement of changes in equity

	Combined share capitals €m	Combined share premiums €m	Combined shares held in treasury €m	Translation reserve €m	Other combined reserves €m	Combined share-holders' equity €m	Non-controlling interests €m	Total equity €m
Balance at 1 January 2013	274	3,354	(1,106)	161	121	2,804	42	2,846
Total comprehensive income for the year	–	–	–	(171)	1,386	1,215	6	1,221
Dividends paid	–	–	–	–	(648)	(648)	(7)	(655)
Issue of ordinary shares, net of expenses	1	147	–	–	–	148	–	148
Repurchase of ordinary shares	–	–	(708)	–	–	(708)	–	(708)
Increase in share based remuneration reserve (net of tax)	–	–	–	–	57	57	–	57
Settlement of share awards	–	–	47	–	(47)	–	–	–
Exchange differences on translation of capital and reserves	(6)	(37)	10	35	(2)	–	(1)	(1)
Balance at 1 January 2014	**269**	**3,464**	**(1,757)**	**25**	**867**	**2,868**	**40**	**2,908**
Total comprehensive income for the year	**–**	**–**	**–**	**371**	**872**	**1,243**	**6**	**1,249**
Dividends paid	**–**	**–**	**–**	**–**	**(701)**	**(701)**	**(9)**	**(710)**
Issue of ordinary shares, net of expenses	**2**	**54**	**–**	**–**	**–**	**56**	**–**	**56**
Repurchase of ordinary shares	**–**	**–**	**(792)**	**–**	**–**	**(792)**	**–**	**(792)**
Cancellation of shares	**(14)**	**–**	**1,153**	**–**	**(1,139)**	**–**	**–**	**–**
Increase in share based remuneration reserve (net of tax)	**–**	**–**	**–**	**–**	**60**	**60**	**–**	**60**
Settlement of share awards	**–**	**–**	**33**	**–**	**(33)**	**–**	**–**	**–**
Acquisitions	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Acquisition of non-controlling interest	**–**	**–**	**–**	**–**	**(17)**	**(17)**	**(2)**	**(19)**
Exchange differences on translation of capital and reserves	**16**	**120**	**(65)**	**(111)**	**40**	**–**	**4**	**4**
Balance at 31 December 2014	**273**	**3,638**	**(1,428)**	**285**	**(51)**	**2,717**	**40**	**2,757**

Notes to the summary combined financial information in euros

1 Segment analysis

ANALYSIS BY BUSINESS SEGMENT	Revenue		Operating profit		Adjusted operating profit	
	2014 €m	2013 €m	2014 €m	Restated 2013 €m	2014 €m	Restated 2013 €m
Scientific, Technical & Medical	**2,540**	2,509	**848**	817	**945**	929
Risk & Business Information	**1,784**	1,746	**467**	436	**627**	598
Legal	**1,731**	1,849	**214**	190	**322**	295
Exhibitions	**1,104**	1,017	**216**	187	**269**	248
Sub-total	**7,159**	7,121	**1,745**	1,630	**2,163**	2,070
Corporate costs	**–**	–	**(7)**	(6)	**(7)**	(6)
Total	**7,159**	7,121	**1,738**	1,624	**2,156**	2,064

Share of post-tax results of joint ventures of €44m (2013: €35m) included in operating profit comprises €20m (2013: €7m) relating to Legal and €24m (2013: €28m) relating to Exhibitions.

ANALYSIS OF REVENUE BY GEOGRAPHICAL ORIGIN	2014 €m	2013 €m
North America	**3,576**	3,661
United Kingdom	**1,256**	1,162
The Netherlands	**789**	774
Rest of Europe	**851**	824
Rest of world	**687**	700
Total	**7,159**	7,121

ANALYSIS OF REVENUE BY GEOGRAPHICAL MARKET	2014 €m	2013 €m
North America	**3,569**	3,637
United Kingdom	**564**	523
The Netherlands	**190**	196
Rest of Europe	**1,306**	1,267
Rest of world	**1,530**	1,498
Total	**7,159**	7,121

ANALYSIS OF REVENUE BY FORMAT	2014 €m	2013 €m
Electronic	**4,761**	4,686
Print	**1,255**	1,378
Face-to-face	**1,143**	1,057
Total	**7,159**	7,121

1 Segment analysis continued

ANALYSIS OF REVENUE BY TYPE	2014 €m	2013 €m
Subscriptions	**3,678**	3,672
Transactional	**3,313**	3,166
Advertising	**168**	283
Total	**7,159**	7,121

ANALYSIS BY BUSINESS SEGMENT	Expenditure on acquired goodwill and intangible assets		Capital expenditure additions		Amortisation of acquired intangible assets		Depreciation and other amortisation	
	2014 €m	2013 €m	2014 €m	2013 €m	2014 €m	Restated 2013 €m	2014 €m	Restated 2013 €m
Scientific, Technical & Medical	**31**	59	**69**	110	**98**	101	**116**	118
Risk & Business Information	**409**	199	**66**	51	**144**	151	**42**	39
Legal	**59**	18	**180**	200	**71**	76	**117**	119
Exhibitions	**29**	66	**33**	18	**42**	47	**19**	18
Total	**528**	342	**348**	379	**355**	375	**294**	294

Capital expenditure comprises additions to property, plant and equipment and internally developed intangible assets. Amortisation of acquired intangible assets includes amounts in respect of joint ventures of €4m (2013: nil) in Legal and €1m (2013: €1m) in Exhibitions. Other than the depreciation and amortisation above, non cash items include €40m (2013: €37m) relating to the recognition of share based remuneration and comprise €14m (2013: €13m) in Scientific, Technical & Medical, €10m (2013: €10m) in Risk & Business Information, €9m (2013: €8m) in Legal and €7m (2013: €6m) in Exhibitions.

ANALYSIS OF NON-CURRENT ASSETS BY GEOGRAPHICAL LOCATION	2014 €m	2013 €m
North America	**8,474**	7,549
United Kingdom	**904**	701
The Netherlands	**140**	150
Rest of Europe	**1,053**	904
Rest of world	**534**	481
Total	**11,105**	9,785

Non-current assets by geographical location exclude amounts relating to deferred tax assets and derivative financial instruments.

Notes to the summary combined financial information in euros

2 Pension schemes

The pension expense recognised within operating expense is:

ANALYSIS OF REVENUE BY FORMAT	2014 €m	2013 €m
Defined benefit pension expense	**60**	16
Defined contribution pension expense	**58**	56
Total	**118**	72

The amounts recognised in the income statement in respect of defined benefit pension schemes during the year are presented by major scheme as follows:

	2014				2013			
	UK €m	**US €m**	**NL €m**	**Total €m**	UK €m	US €m	NL €m	Total €m
Service cost	**39**	**22**	**17**	**78**	34	34	18	86
Settlement, past service and curtailment credits	**–**	**–**	**(18)**	**(18)**	–	(60)	(10)	(70)
Defined benefit pension expense	**39**	**22**	**(1)**	**60**	34	(26)	8	16
Net interest on net defined benefit obligation	**10**	**5**	**4**	**19**	7	10	5	22
Net defined benefit pension expense	**49**	**27**	**3**	**79**	41	(16)	13	38

Net interest on defined benefit pension scheme liabilities is presented within net finance costs in the income statement. Service cost, including settlements, past service credits and curtailments is presented within operating expenses.

The amount recognised in the statement of financial position in respect of defined benefit pension schemes at the start and end of the year and the movements during the year were as follows:

	2014				2013			
	UK €m	**US €m**	**NL €m**	**Total €m**	UK €m	US €m	NL €m	Total €m
Defined benefit obligation								
At start of year	**(3,458)**	**(915)**	**(859)**	**(5,232)**	(3,264)	(1,135)	(856)	(5,255)
Service cost	**(39)**	**(22)**	**(17)**	**(78)**	(34)	(34)	(18)	(86)
Settlements, past service and curtailment credits	**–**	**–**	**18**	**18**	–	60	10	70
Interest on pension scheme liabilities	**(161)**	**(48)**	**(31)**	**(240)**	(144)	(49)	(30)	(223)
Actuarial (loss)/gain on financial assumptions	**(420)**	**(132)**	**(149)**	**(701)**	(204)	101	21	(82)
Actuarial (loss)/gain arising from experience assumptions	**32**	**(4)**	**6**	**34**	9	(12)	(3)	(6)
Contributions by employees	**(9)**	**–**	**(6)**	**(15)**	(7)	–	(6)	(13)
Benefits paid*	**119**	**64**	**34**	**217**	111	110	22	243
Exchange translation differences	**(278)**	**(145)**	**–**	**(423)**	75	44	1	120
At end of year	**(4,214)**	**(1,202)**	**(1,004)**	**(6,420)**	(3,458)	(915)	(859)	(5,232)
Fair value of scheme assets								
At start of year	**3,229**	**811**	**737**	**4,777**	3,095	874	713	4,682
Interest income on plan assets	**151**	**43**	**27**	**221**	137	39	25	201
Return on assets excluding amounts included in interest income	**136**	**90**	**111**	**337**	131	5	(1)	135
Contributions by employer	**45**	**38**	**11**	**94**	42	39	17	98
Contributions by employees	**9**	**–**	**6**	**15**	7	–	6	13
Benefits paid*	**(119)**	**(64)**	**(34)**	**(217)**	(111)	(110)	(22)	(243)
Exchange translation differences	**251**	**127**	**–**	**378**	(72)	(36)	(1)	(109)
At end of year	**3,702**	**1,045**	**858**	**5,605**	3,229	811	737	4,777
Net defined benefit pension obligation	**(512)**	**(157)**	**(146)**	**(815)**	(229)	(104)	(122)	(455)

* included in benefits paid are settlements of nil (2013: €61m).

As at 31 December 2014, the defined benefit obligations comprise €6,171m (2013: €5,040m) in relation to funded schemes and €249m (2013: €192m) in relation to unfunded schemes.

3 Adjusted figures

The Group uses adjusted figures as additional performance measures. Adjusted operating profit excludes amortisation of acquired intangible assets, acquisition-related costs and the share of taxes in joint ventures. Acquisition-related costs relate to acquisition integration, transaction-related fees, and those elements of deferred and contingent consideration required to be expensed under IFRS. Adjusted profit before tax also excludes disposal-related and other non-operating items and the net financing charge or credit on defined benefit pension schemes. The adjusted tax charge excludes the tax effect of these adjusting items, and movements on deferred tax assets and liabilities related to goodwill and acquired intangible assets. It includes the benefit of tax amortisation where available on goodwill and acquired intangible assets. Adjusted cash flow is measured after net capital expenditure and dividends from joint ventures but before payments in relation to prior year exceptional restructuring programmes and acquisition-related costs. Adjusted figures are derived as follows:

	2014 €m	2013 €m
Operating profit	**1,738**	1,624
Adjustments:		
Amortisation of acquired intangible assets	**355**	375
Acquisition-related costs	**37**	51
Reclassification of tax in joint ventures	**26**	14
Adjusted operating profit	**2,156**	2,064
Profit before tax	**1,523**	1,412
Adjustments:		
Amortisation of acquired intangible assets	**355**	375
Acquisition-related costs	**37**	51
Reclassification of tax in joint ventures	**26**	14
Net financing charge on defined benefit pension schemes	**19**	22
Disposals and other non-operating items	**14**	(19)
Adjusted profit before tax	**1,974**	1,855
Tax charge	**(333)**	(96)
Adjustments:		
Deferred tax movements on goodwill and acquired intangible assets	**(8)**	9
Tax on acquisition-related costs	**(11)**	(14)
Reclassification of tax in joint ventures	**(26)**	(14)
Tax on net financing charge on defined benefit pension schemes	**(5)**	(7)
Tax on disposals and other non-operating items	**3**	40
Other deferred tax credits from intangible assets*	**(84)**	(354)
Adjusted tax charge	**(464)**	(436)
Profit attributable to parent companies' shareholders	**1,184**	1,310
Adjustments (post tax):		
Amortisation of acquired intangible assets	**347**	384
Acquisition-related costs	**26**	37
Net financing charge on defined benefit pension schemes	**14**	15
Disposals and other non-operating items	**17**	21
Other deferred tax credits from intangible assets*	**(84)**	(354)
Adjusted profit attributable to parent companies' shareholders	**1,504**	1,413
Cash generated from operations	**2,295**	2,293
Dividends received from joint ventures	**55**	26
Purchases of property, plant and equipment	**(83)**	(67)
Proceeds from disposals of property, plant and equipment	**12**	7
Expenditure on internally developed intangible assets	**(252)**	(296)
Payments in relation to exceptional restructuring costs	**–**	14
Payments in relation to acquisition-related costs	**34**	33
Adjusted cash flow	**2,061**	2,010

* movements on deferred tax liabilities arising on acquired intangible assets that do not qualify for tax amortisation and in 2013 non-recurring deferred tax credits arising on the alignment of certain business assets with their global management structure.

Notes to the summary combined financial information in euros

4 Statement of cash flows

RECONCILIATION OF OPERATING PROFIT BEFORE JOINT VENTURES TO CASH GENERATED FROM OPERATIONS	2014 €m	2013 €m
Operating profit before joint ventures	**1,694**	1,589
Amortisation of acquired intangible assets	**350**	374
Amortisation of internally developed intangible assets	**196**	189
Depreciation of property, plant and equipment	**98**	105
Share based remuneration	**40**	37
Total non-cash items	**684**	705
Decrease in inventories and pre-publication costs	**3**	12
(Increase)/decrease in receivables	**(82)**	6
Decrease in payables	**(4)**	(19)
Increase in working capital	**(83)**	(1)
Cash generated from operations	**2,295**	2,293

RECONCILIATION OF NET BORROWINGS	Cash & cash equivalents €m	Borrowings €m	Related derivative financial instruments €m	2014 €m	2013 €m
At start of year	**158**	**(3,937)**	**93**	**(3,686)**	(3,846)
Increase/(decrease) in cash and cash equivalents	**176**	**–**	**–**	**176**	(628)
Net movement in short-term bank loans, overdrafts and commercial paper	**–**	**(299)**	**11**	**(288)**	(199)
Issuance of term debt	**–**	**(730)**	**–**	**(730)**	(217)
Repayment of term debt	**–**	**372**	**–**	**372**	1,080
Repayment of finance leases	**–**	**12**	**–**	**12**	12
Change in net borrowings resulting from cash flows	**176**	**(645)**	**11**	**(458)**	48
Borrowings in acquired business	**–**	**(25)**	**–**	**(25)**	–
Inception of finance leases	**–**	**(4)**	**–**	**(4)**	(14)
Fair value and other adjustments to borrowings and related derivatives	**–**	**97**	**(105)**	**(8)**	(1)
Exchange translation differences	**22**	**(420)**	**–**	**(398)**	127
At end of year	**356**	**(4,934)**	**(1)**	**(4,579)**	(3,686)

Net borrowings comprise cash and cash equivalents, loan capital, finance leases, promissory notes, bank and other loans, derivative financial instruments that are used to hedge certain borrowings, and adjustments in respect of cash collateral received/paid.

5 Borrowings

	2014			2013		
	Falling due within 1 year €m	**Falling due in more than 1 year €m**	**Total €m**	Falling due within 1 year €m	Falling due in more than 1 year €m	Total €m
Financial liabilities measured at amortised cost:						
Short-term bank loans, overdrafts and commercial paper	**707**	**–**	**707**	344	–	344
Term debt	**–**	**2,352**	**2,352**	–	1,468	1,468
Finance leases	**9**	**6**	**15**	11	9	20
Term debt in fair value hedging relationships	**–**	**1,227**	**1,227**	288	1,126	1,414
Term debt previously in fair value hedging relationships	**156**	**477**	**633**	135	556	691
Total	**872**	**4,062**	**4,934**	778	3,159	3,937

The total fair value of financial liabilities measured at amortised cost is €3,350m (2013: €2,051m). The total fair value of other loans in fair value hedging relationships is €1,348m (2013: €1,546m). The total fair value of other loans previously in fair value hedging relationships is €759m (2013: €780m).

In 2013, €223m principal amount of term debt maturing in 2019 was exchanged for €282m principal amount of term debt maturing in 2022 and cash. The exchange is treated as a debt modification for accounting purposes. The premium is offset against the carrying amount of the newly issued term debt maturing in 2022 and will be amortised over its life.

5 Borrowings continued

Analysis by year of repayment

	2014				2013			
	Short-term bank loans, overdrafts and commercial paper €m	Term debt €m	Finance leases €m	Total €m	Short-term bank loans, overdrafts and commercial paper €m	Term debt €m	Finance leases €m	Total €m
Within 1 year	**707**	**156**	**9**	**872**	344	423	11	778
Within 1 to 2 years	**–**	**516**	**5**	**521**	–	209	6	215
Within 2 to 3 years	**–**	**794**	**1**	**795**	–	480	3	483
Within 3 to 4 years	**–**	**312**	**–**	**312**	–	409	–	409
Within 4 to 5 years	**–**	**713**	**–**	**713**	–	217	–	217
After 5 years	**–**	**1,721**	**–**	**1,721**	–	1,835	–	1,835
After 1 year	**–**	**4,056**	**6**	**4,062**	–	3,150	9	3,159
Total	**707**	**4,212**	**15**	**4,934**	344	3,573	20	3,937

Short-term bank loans, overdrafts and commercial paper were backed up at 31 December 2014 by a $2,000m (€1,656m) committed bank facility maturing in July 2019, which was undrawn.

Analysis by currency

	2014				2013			
	Short-term bank loans, overdrafts and commercial paper €m	Term debt €m	Finance leases €m	Total €m	Short-term bank loans, overdrafts and commercial paper €m	Term debt €m	Finance leases €m	Total €m
US dollars	**328**	**2,306**	**15**	**2,649**	104	2,160	20	2,284
£ sterling	**89**	**1,316**	**–**	**1,405**	32	863	–	895
Euro	**289**	**590**	**–**	**879**	201	550	–	751
Other currencies	**1**	**–**	**–**	**1**	7	–	–	7
Total	**707**	**4,212**	**15**	**4,934**	344	3,573	20	3,937

Included in the US dollar amounts for term debt above is €579m (2013: €512m) of debt denominated in euros (€350m; 2013: nil) and Swiss francs (CHF 275m; 2013: CHF 625m) that was swapped into US dollars on issuance and against which there are related derivative financial instruments, which, as at 31 December 2014, had a fair value of €51m (2013: €97m).

6 Exchange rates

	Income statement		Statement of financial position	
	2014	2013	**2014**	2013
Sterling to euro	**0.81**	0.85	**0.78**	0.83
US dollars to euro	**1.33**	1.32	**1.21**	1.38

Reed Elsevier PLC Annual Report and Financial Statements

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Company number: 77536

Directors' report

The Directors present their report, together with the financial statements of the Group and Reed Elsevier PLC ("the Company"), for the year ended 31 December 2014.

As a consequence of the merger of Reed Elsevier PLC's businesses with those of Reed Elsevier NV, and the Governing Agreement regulating the relationship including board composition and economic interests of the parties, the shareholders of Reed Elsevier PLC and Reed Elsevier NV can be regarded as having the interests of a single economic group. The combined financial statements represent the combined interests of both sets of shareholders and encompass the businesses of Reed Elsevier Group plc, Elsevier Reed Finance BV and their subsidiaries, associates and joint ventures, together with the parent companies, Reed Elsevier PLC and Reed Elsevier NV ("the combined businesses"). This Directors' report and the financial statements of the group and Company should be read in conjunction with the combined financial statements and other reports set out on pages 2 to 145. A review of the combined businesses and their performance in the year is set out on pages 7 to 35, a summary of the principal risks facing the Group is set out on pages 58 to 60, and the Group statement on corporate responsibility is set out on pages 37 to 47.

Effective 25 February 2015, Reed Elsevier PLC and Reed Elsevier NV transferred their ownership interests in Elsevier Reed Finance BV to Reed Elsevier Group plc and named this newly combined single group entity RELX Group plc, as part of a proposed simplification and modernisation of the corporate structure, equalisation arrangements and corporate entity names. A full description is set out on pages 66 and 67.

Financial statement presentation

The consolidated financial statements of Reed Elsevier PLC include the 52.9% economic interest that shareholders have under the equalisation arrangements in the combined businesses, accounted for on an equity basis.

Dividends paid to Reed Elsevier PLC and Reed Elsevier NV shareholders are, other than in special circumstances, equalised at the gross level inclusive of the UK tax credit available to certain Reed Elsevier PLC shareholders. Because of the tax credit, Reed Elsevier PLC normally requires proportionately less cash to fund its net dividend than Reed Elsevier NV does to fund its gross dividend. An adjustment is therefore required in the consolidated income statement of Reed Elsevier PLC to share this tax benefit between the two sets of shareholders in accordance with the equalisation agreement. The equalisation adjustment arises on dividends paid by Reed Elsevier PLC to its shareholders and it reduced the consolidated attributable earnings by £15m (2013: £15m), being 47.1% of the total amount of the tax credit.

In addition to the reported figures, adjusted profit figures are presented as additional performance measures used by management. These exclude the tax credit equalisation adjustment and, in relation to the results of joint ventures, Reed Elsevier PLC's share of amortisation of acquired intangible assets, acquisition-related costs, disposal gains and losses and other non-operating items, related tax effects, and movements in deferred taxation assets and liabilities related to acquired intangible assets and include the benefit of tax amortisation where available on acquired goodwill and intangible assets.

Consolidated income statement

Reed Elsevier PLC's shareholders' 52.9% share of the adjusted profit before tax of the combined businesses was £842m (2013: £832m). Reported profit before tax, including the Reed Elsevier PLC shareholders' share of amortisation charges, acquisition-related costs and disposals and other non-operating items, was £493m (2013: £576m). The decrease reflects the non-recurring deferred tax credits in 2013.

Elsevier achieved good growth in primary research submissions and usage, and in databases and tools, across the scientific, technical and medical segments. At Risk & Business Information, all business segments achieved strong growth. Legal maintained positive underlying revenue growth despite subdued market conditions in the US and Europe. Exhibitions achieved strong underlying growth and continued to actively pursue growth opportunities through new launches and small acquisitions. The overall adjusted operating margin was 1.1 percentage points higher despite investment in global technology platforms and new products and services, reflecting a combination of process innovation, portfolio development and currency effects.

Reed Elsevier PLC's shareholders' share of the adjusted profit attributable to the combined businesses was £642m (2013: £633m). After deducting Reed Elsevier PLC's share of the post tax charge for amortisation of acquired intangible assets, and acquisition-related costs, disposal-related and other non-operating items, the net financing charge on defined benefit pension schemes, and movements on deferred taxes related to acquired intangible assets, the reported net profit for the year was £490m (2013: £572m).

Adjusted earnings per share increased 2.3p to 56.3p (2013: 54.0p). At constant rates of exchange, the adjusted earnings per share were 10% higher. Including the effect of the tax credit equalisation as well as amortisation of acquired intangible assets, acquisition-related costs, disposal-related and other non-operating items, the net financing charge on defined benefit pension schemes, and tax adjustments, the basic earnings per share were 43.0p (2013: 48.8p).

Consolidated statement of financial position

The consolidated statement of financial position of Reed Elsevier PLC reflects its economic interest in the net assets of the Group which as at 31 December 2014 was £1,117m (2013: £1,266m). The £149m decrease in net assets reflects dividends paid and shares repurchased, partially offset by Reed Elsevier PLC's share in the comprehensive income of the Group.

Dividends

The Board is recommending an equalised final dividend of 19.00p per ordinary share (2013: 17.95p). This gives total ordinary dividends for the year of 26.00p (2013: 24.60p). The final dividend will be paid on 22 May 2015 to shareholders on the Register on 1 May 2015.

Dividend cover, based on adjusted earnings per share and the total interim and proposed final dividends for the year, is 2.2 times. The Boards of Reed Elsevier PLC and Reed Elsevier NV have adopted dividend policies in recent years in respect of their equalised dividends that, subject to currency considerations, grow dividends broadly in line with adjusted earnings per share whilst maintaining dividend cover (being the number of times the annual dividend is covered by the adjusted earnings per share) of at least 2.0 times over the longer term.

The total dividend paid on the ordinary shares in the financial year was £285m (2013: £278m).

Parent company financial statements
The individual parent company financial statements of Reed Elsevier PLC are presented on page 160, and were prepared under UK Generally Accepted Accounting Practice (UK GAAP).

Distributable reserves as at 31 December 2014 were £1,459m (2013: £1,449m), comprising reserves less shares held in treasury. Parent company shareholders' funds as at 31 December 2014 were £3,074m (2013: £3,044m).

Corporate Governance
Reed Elsevier PLC has complied throughout the year with the provisions of the UK Corporate Governance Code issued by the FRC in September 2012 (the UK Code). The UK Code is publicly available at www.frc.org.uk. Details of how the principles of the UK Code have been applied and the Directors' statement on internal control are set out in the Corporate Governance report on pages 66 to 73. The FRC published a revised UK Corporate Governance Code in September 2014 (the 2014 Code) which applies to accounting periods beginning on or after 1 October 2014. The Board expects to comply in full with the 2014 Code during 2015.

Details of the role and responsibilities, membership and activities of the Audit Committees, including Reed Elsevier PLC's Audit Committee, are set out in the Report of the Audit Committees on pages 89 to 90.

Greenhouse Gas Emissions
Reed Elsevier PLC is required to state the annual quantity of emissions in tonnes of carbon dioxide equivalent from group operational activities. Details of our emissions during the year ended 31 December 2014 and the actions being taken to reduce them are set out in the Corporate Responsibility section of the Strategic Report on pages 46 and 47 and form part of the Directors' report disclosures. Further details can be found in our online Corporate Responsibility Report at www.relxgroup.com/go/CRReport.

Directors
The following served as Directors of the Company during the year:

A Habgood (Chairman)
E Engstrom (Chief Executive Officer)
D Palmer (Chief Financial Officer until 1 September 2014; resigned 24 September 2014)
N Luff (joined as Chief Financial Officer on 1 September 2014)
W Hauser
A Hennah
L Hook (Senior Independent Director)
R Polet
L Sanford
B van der Veer

Biographical details of the Directors at the date of this report are given on pages 62 and 63.

Directors are appointed in accordance with the Articles of Association (the Articles), which provide that any director appointed during the year holds office only until the next following Annual General Meeting (AGM) and is then eligible for election by the shareholders. Reed Elsevier PLC's Articles provide that at every AGM of Reed Elsevier PLC, one-third of the directors (or if their number is not a multiple of three the number nearest to one-third) shall retire from office and, if they wish, put themselves up for re-election by the shareholders. The UK Code recommends that all directors should seek re-election by shareholders annually. Accordingly, the Board has adopted this practice.

The office of director shall be vacated if he or she: (i) resigns; (ii) becomes bankrupt or compounds with his or her creditors generally; (iii) is or may be suffering from a mental illness; (iv) is prohibited by law from being a director; or (v) is removed from office pursuant to the Company's Articles. Subject to the shareholders' rights to appoint individuals to the Board in accordance with the Company's Articles, no individual may be appointed to the Board unless such appointment is recommended by the Nominations Committee.

Duncan Palmer stepped down as Chief Financial Officer on 1 September 2014 and left the Group on 24 September 2014.

Nick Luff was elected as a Director by shareholders at the AGM in April 2014. He joined the Board as Chief Financial Officer on 1 September 2014.

In accordance with the provisions of the UK Code, all of the Directors will retire from the Board at the AGM in 2015 and, being eligible, they will each offer themselves for re-election. Taking into account the assessment by the Corporate Governance Committee of the qualifications, performance and effectiveness of each individual Director seeking re-election, the Board has accepted a recommendation from the Nominations Committee that each Director be proposed for re-election at the 2015 AGM.

The notice period applicable to the service contracts of Erik Engstrom and Nick Luff is 12 months. The remaining Directors seeking re-election at the 2015 AGM do not have service contracts. Details of Directors' remuneration and their interests in the share capital of Reed Elsevier PLC are provided in the Directors' Remuneration Report on pages 75 to 88.

Share capital
Reed Elsevier PLC's issued share capital comprises a single class of ordinary shares, all of which are listed on the London Stock Exchange. All issued shares are fully paid up and carry no additional obligations or special rights. Each share carries the right to one vote at general meetings of Reed Elsevier PLC. In a general meeting, subject to any rights and restrictions attached to any shares, on a show of hands every member who is present in person shall have one vote and every proxy present who has been duly appointed by one or more members entitled to vote on the resolution has one vote (although a proxy has one vote for and one vote against the resolution if: (i) the proxy has been duly appointed by more than one member entitled to vote on the resolution; and (ii) the proxy has been instructed by one or more of those members to vote for the resolution and by one or more other of those members to vote against it). Subject to any rights or restrictions attached to any shares, on a vote on a resolution on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder. Proxy appointments and voting instructions must be received by the registrars not less than 48 hours before a general meeting. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles and prevailing legislation. Reed Elsevier PLC is not aware of any agreements between shareholders that may result in restrictions on the transfer of shares or on voting rights attached to the shares.

At the 2014 AGM, shareholders passed a resolution authorising the Directors to allot shares up to a nominal value of £9m, representing less than 5% of the Reed Elsevier PLC issued share capital. Since the 2014 AGM, no shares have been issued under this authority. The shareholder authority also permitted the Directors to allot shares in order to satisfy entitlements under employee share plans, and details of such allotments are noted below. The authority to allot shares will expire at the 2015 AGM, and a resolution to further extend the authority will be submitted to the shareholders at the 2015 AGM.

During the year, 3,360,624 ordinary shares in Reed Elsevier PLC were issued in order to satisfy entitlements under employee share plans as follows: 497,870 under a UK Sharesave option scheme at prices between 401.60p and 708.80p per share; 2,744,793 under executive share option schemes at prices between 466.50p and 991p per share; and 117,961 under the Long Term Incentive Plan at 511.50p per share.

The issued share capital as at 31 December 2014 is shown in note 11 to the consolidated financial statements.

Authority to purchase shares
At the 2014 AGM, shareholders passed a resolution authorising the purchase of up to 126.7 million ordinary shares in Reed Elsevier PLC (representing less than 10% of the issued ordinary shares) by market purchase. During the year, 35,251,501 ordinary shares were purchased under this and the previous authority. On 29 December 2014, 65 million ordinary treasury shares were cancelled. Therefore, as at 31 December 2014 there were 69,698,335 ordinary shares held in treasury, representing 5.8% of the issued ordinary shares. A further 4,815,950 ordinary shares were purchased between 2 January 2015 and the date of this report. The authority to make market purchases will expire at the 2015 AGM, at which a resolution to further extend the authority will be submitted to shareholders.

Substantial share interests
As at 25 February 2015, Reed Elsevier PLC had been notified by the following shareholders that they held an interest of 3% or more in voting rights of its issued share capital:

BlackRock Inc	5.03%
Invesco Limited	5.03%
Lloyds Banking Group plc	3.47%
Legal & General Group plc	3.40%

The percentage interests stated above are as disclosed at the date on which the interests were notified to Reed Elsevier PLC.

Employee Benefit Trust
The Trustee of the Employee Benefit Trust held an interest in 8,032,643 ordinary shares in Reed Elsevier PLC (representing 0.7% of the issued ordinary shares) as at 31 December 2014. The Trustee may vote or abstain from voting any shares it holds in any way it sees fit.

Significant agreements – change of control
The Governing Agreement between Reed Elsevier PLC and Reed Elsevier NV states that upon a change of control of Reed Elsevier PLC (for these purposes, the acquisition by a third party of 50% or more of the issued share capital having voting rights), should there not be a comparable offer from the offeror for Reed Elsevier NV, Reed Elsevier NV may serve notice upon Reed Elsevier PLC varying certain provisions of the Governing Agreement, including the governance and the standstill provisions.

There are a number of borrowing agreements including credit facilities that in the event of a change of control of both Reed Elsevier PLC and Reed Elsevier NV and, in some cases, a consequential credit rating downgrade to sub-investment grade may, at the option of the lenders, require repayment and/or cancellation as appropriate.

Powers of directors
Subject to the provisions of the Companies Act 2006, the Reed Elsevier PLC Articles and any directions given by special resolutions, the business of Reed Elsevier PLC shall be managed by the Board which may exercise all the powers of Reed Elsevier PLC.

Directors' indemnity
In accordance with its Articles, Reed Elsevier PLC has granted Directors an indemnity, to the extent permitted by law, in respect of liabilities incurred as a result of their office. Reed Elsevier PLC also purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors.

Related party transactions
Internal controls are in place to ensure that any related party transactions involving Directors or their connected persons are carried out on an arm's length basis and are properly recorded and disclosed where appropriate.

Conflicts of interest
The Reed Elsevier PLC Articles permit the Board to approve situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of Reed Elsevier PLC. The Board has established a formal system whereby the Nominations Committee considers any such conflict or potential conflict and makes a recommendation to the Board on whether to authorise it. In reaching its decision, the Board is required to act in a way it considers would be most likely to promote the success of Reed Elsevier PLC and may impose limits or conditions when giving its authorisation, if it thinks this is appropriate.

Political donations
The Group does not make donations to European Union (EU) political organisations or incur EU political expenditure. In the US, the Group companies donated £55,793 (2013: £48,000) to political organisations. In line with US law, these donations were not made at federal level, but only to candidates and political parties at the state and local levels.

Disclosures required under UK Listing Rule 9.8.4
The following information is disclosed pursuant to Listing Rule 9.8.4:
Long-term incentive schemes – page 80;
Dividend waivers – page 158, note 11.

Financial Statements and accounting records
The Directors are responsible for preparing the Directors' 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 are required to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Article 4 of the IAS Regulation. The Directors have elected to prepare the parent company financial statements in accordance with UK GAAP (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the accounts 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 the parent company financial statements, the Directors are required to: select suitable accounting policies and then apply them consistently; make judgements and accounting estimates that are reasonable and prudent; state whether applicable UK Accounting Standards have been followed, subject to any material departures being disclosed and explained in the financial statements; and prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the group financial statements, IAS1 requires that directors: properly select and apply accounting policies; present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and make an assessment of the company's ability to continue as a going concern.

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

Directors' responsibility statement

The Board confirms that, to the best of its knowledge:

- the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, give a true and fair view of the financial position and profit or loss of the group; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the group. A description of the principal risks and uncertainties facing the group is set out on pages 58 to 60.

Having taken into account all the matters considered by the Board and brought to the attention of the Board during the year, the Directors are satisfied that the Annual Report and Accounts taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess Reed Elsevier PLC's performance, business model and strategy.

Neither Reed Elsevier PLC nor the Directors accept any liability to any person in relation to the Annual Report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with Section 90A of the Financial Services and Markets Act 2000.

Disclosure of information to auditors

As part of the process of approving the Reed Elsevier PLC 2014 financial statements, the Directors have taken steps pursuant to section 418(2) of the Companies Act 2006 to ensure that they are aware of any relevant audit information and to establish that the Reed Elsevier PLC auditors are aware of that information. In that context, so far as the Directors are aware, there is no relevant audit information of which Reed Elsevier PLC's auditors are unaware.

Going concern

The Directors, having made appropriate enquiries, consider that adequate resources exist for the combined businesses to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the 2014 financial statements. In reaching this conclusion, the Directors have had due regard to the combined businesses' financial position as at 31 December 2014, the strong free cash flow of the combined businesses, the Group's ability to access capital markets and the principal risks facing the Group. No material uncertainties have been identified.

A commentary on the combined businesses' cash flows, financial position and liquidity for the year ended 31 December 2014 is set out in the Chief Financial Officer's Report on pages 50 to 57. This shows that, after taking account of available cash resources and committed bank facilities that back up short term borrowings, all of the Group's borrowings that mature within the next two years can be covered. The Group's policies on liquidity, capital management and management of risks relating to interest rate, foreign exchange and credit exposures are set out on pages 120 to 123. The principal risks facing the Group are set out on pages 58 to 60.

Auditors

Resolutions for the re-appointment of Deloitte LLP as auditors of Reed Elsevier PLC and to authorise the Directors to fix their remuneration will be submitted to shareholders at the 2015 AGM.

By order of the Board	Registered Office
Henry Udow	1-3 Strand
Company Secretary	London
25 February 2015	WC2N 5JR

Consolidated income statement

FOR THE YEAR ENDED 31 DECEMBER	Note	2014 £m	2013 £m
Administrative expenses	1	**(2)**	(2)
Effect of tax credit equalisation on distributed earnings	2	**(15)**	(15)
Share of results of joint ventures	10	**495**	583
Operating profit		**478**	566
Finance income	4	**15**	10
Profit before tax		**493**	576
Tax expense	5	**(3)**	(4)
Profit attributable to ordinary shareholders		**490**	572

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER	2014 £m	2013 £m
Profit attributable to ordinary shareholders	**490**	572
Share of joint ventures' other comprehensive loss for year	**(61)**	(13)
Total comprehensive income for the year	**429**	559

Earnings per ordinary share

FOR THE YEAR ENDED 31 DECEMBER	Note	2014 pence	2013 pence
Basic earnings per share	7	**43.0**	48.8
Diluted earnings per share	7	**42.5**	48.2

Consolidated statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER	Note	2014 £m	2013 £m
Cash flows from operating activities			
Cash used by operations	9	**(2)**	(2)
Interest received		**15**	10
Tax paid		**(4)**	(3)
Net cash used in operating activities		**9**	5
Cash flows from investing activities			
Dividends received from joint ventures	10	**618**	102
Net cash received from investing activities		**618**	102
Cash flows from financing activities			
Equity dividends paid	6	**(285)**	(278)
Repurchase of ordinary shares		**(333)**	(326)
Proceeds on issue of ordinary shares		**18**	50
(Increase)/decrease in net funding balances due from joint ventures	9	**(27)**	447
Net cash used in financing activities		**(627)**	(107)
Movement in cash and cash equivalents		**–**	–

Consolidated statement of financial position

AS AT 31 DECEMBER	Note	2014 £m	2013 £m
Non-current assets			
Investments in joint ventures	10,15	**1,117**	1,266
Total assets		**1,117**	1,266
Current liabilities			
Taxation		**1**	2
Total liabilities		**1**	2
Net assets		**1,116**	1,264
Capital and reserves			
Called up share capital	11	**174**	182
Share premium account		**1,274**	1,257
Shares held in treasury (including in joint ventures)		**(593)**	(752)
Capital redemption reserve		**13**	4
Translation reserve		**112**	40
Other reserves	12	**136**	533
Total equity		**1,116**	1,264

The consolidated financial statements were approved by the Board of Directors, 25 February 2015.

A J Habgood
Chairman

N L Luff
Chief Financial Officer

Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER	Note	Share capital £m	Share premium £m	Shares held in treasury £m	Capital redemption reserve £m	Translation reserve £m	Other reserves £m	Total equity £m
Balance at 1 January 2013		181	1,208	(447)	4	87	173	1,206
Total comprehensive income for the year		–	–	–	–	(47)	606	559
Equity dividends paid	6	–	–	–	–	–	(278)	(278)
Issue of ordinary shares, net of expenses		1	49	–	–	–	–	50
Repurchase of ordinary shares		–	–	(326)	–	–	–	(326)
Share of joint ventures' increase in share based remuneration reserve (net of tax)		–	–	–	–	–	25	25
Share of joint ventures' settlement of share awards by the employee benefit trust		–	–	21	–	–	(21)	–
Equalisation adjustments		–	–	–	–	–	28	28
Balance at 1 January 2014		**182**	**1,257**	**(752)**	**4**	**40**	**533**	**1,264**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**72**	**357**	**429**
Equity dividends paid	6	**–**	**–**	**–**	**–**	**–**	**(285)**	**(285)**
Issue of ordinary shares, net of expenses		**1**	**17**	**–**	**–**	**–**	**–**	**18**
Repurchase of ordinary shares		**–**	**–**	**(350)**	**–**	**–**	**–**	**(350)**
Cancellation of shares		**(9)**	**–**	**495**	**9**	**–**	**(495)**	**–**
Share of joint ventures' increase in share based remuneration reserve (net of tax)		**–**	**–**	**–**	**–**	**–**	**25**	**25**
Share of joint ventures' settlement of share awards by the employee benefit trust		**–**	**–**	**14**	**–**	**–**	**(14)**	**–**
Share of joint ventures' acqusition of non-controlling interest		**–**	**–**	**–**	**–**	**–**	**(7)**	**(7)**
Equalisation adjustments		**–**	**–**	**–**	**–**	**–**	**22**	**22**
Balance at 31 December 2014		**174**	**1,274**	**(593)**	**13**	**112**	**136**	**1,116**

Group accounting policies

Basis of preparation
These consolidated financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards. They report the consolidated statements of income, comprehensive income, cash flow, financial position and changes in equity of Reed Elsevier PLC (incorporated and domiciled in the UK), and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements are prepared on a going concern basis, as explained on page 151. Unless otherwise indicated, all amounts shown in the financial statements are in millions of pounds.

The combined financial statements presented in pounds sterling on pages 92 to 95 form an integral part of the notes to Reed Elsevier PLC's statutory financial statements. The accounting policies adopted in the preparation of the combined financial statements are set out on pages 96 to 101.

Determination of profit
The Reed Elsevier PLC share of the combined results has been calculated on the basis of the 52.9% economic interest of the Reed Elsevier PLC shareholders in the combined businesses, after taking account of results arising in Reed Elsevier PLC and its subsidiaries. Dividends paid to Reed Elsevier PLC and Reed Elsevier NV shareholders are, other than in special circumstances, equalised at the gross level inclusive of the UK tax credit available to certain Reed Elsevier PLC shareholders.

In Reed Elsevier PLC's consolidated financial statements, an adjustment is required to equalise the benefit of the tax credit between the two sets of shareholders in accordance with the equalisation agreement. This equalisation adjustment arises on dividends paid by Reed Elsevier PLC to its shareholders and reduces the consolidated attributable earnings by 47.1% of the total amount of the tax credit.

Investments
Reed Elsevier PLC's economic interest in the net assets of the combined businesses has been shown on the consolidated statement of financial position as investments in joint ventures, net of the assets and liabilities reported as part of Reed Elsevier PLC and its subsidiaries. Investments in joint ventures are accounted for using the equity method.

Foreign exchange translation
Transactions in foreign currencies are recorded at the rate of exchange prevailing on the date of the transaction. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing on the statement of financial position date. Exchange differences arising are recorded in the income statement. The exchange gains or losses relating to the retranslation of Reed Elsevier PLC's economic interest in the net assets of the combined businesses are classified as equity and transferred to the translation reserve. When foreign operations are disposed of, the related cumulative translation differences are recognised within the income statement in the period.

Taxation
Tax expense comprises current and deferred tax. Current and deferred tax are charged or credited in the income statement except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside profit or loss (either in other comprehensive income, directly in equity, or through a business combination) in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences but not recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognised on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised; and reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognised in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination. Deferred tax is not discounted.

Critical judgements and key sources of estimation uncertainty
Critical judgements in the preparation of the combined financial statements are set out on pages 99 to 100.

Standards and amendments effective for the year
The interpretations and amendments to IFRS effective for 2014 have not had a significant impact on the Group's accounting policies or reporting.

Standards, amendments and interpretations not yet effective
Recently issued standards, amendments and interpretations and their impact on future accounting policies and reporting have been considered on page 101 of the combined financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2014

1 Administrative expenses

Administrative expenses include £1,371,000 (2013: £972,000) paid in the year to RELX Group plc under a contract for the services of Directors and administrative support. Reed Elsevier PLC has no employees (2013: nil).

2 Effect of tax credit equalisation on distributed earnings

The tax credit equalisation adjustment arises on ordinary dividends paid by Reed Elsevier PLC to its shareholders and reduces the consolidated profit attributable to ordinary shareholders by 47.1% of the total amount of the tax credit, as set out in the accounting policies on page 154.

3 Auditor's remuneration

Audit fees payable by Reed Elsevier PLC were £30,000 (2013: £29,000). Further information on the audit and non-audit fees paid by the Reed Elsevier combined businesses to Deloitte LLP and its associates is set out in note 3 to the combined financial statements.

4 Finance income

	2014 £m	2013 £m
Finance income from joint ventures	**15**	10

5 Taxation

	2014 £m	2013 £m
UK corporation tax expense	**(3)**	(4)

A reconciliation of the notional tax charge based on the applicable rate of tax to the actual total tax expense is set out below.

	2014 £m	2013 £m
Profit before tax	**493**	576
Tax at applicable rate 21.5% (2013: 23.25%)	**(106)**	(134)
Tax at applicable rate on share of results of joint ventures	**103**	136
Other	**–**	(6)
Tax expense	**(3)**	(4)

6 Equity dividends

ORDINARY DIVIDENDS DECLARED AND PAID IN THE YEAR	**2014 pence**	2013 pence	**2014 £m**	2013 £m
Ordinary shares				
Final for prior financial year	**17.95p**	17.00p	**205**	200
Interim for financial year	**7.00p**	6.65p	**80**	78
Total	**24.95p**	23.65p	**285**	278

The Directors of Reed Elsevier PLC have proposed a final dividend of 19.00p (2013: 17.95p). The cost of funding the proposed final dividend is expected to be £214m. No liability has been recognised at the statement of financial position date.

ORDINARY DIVIDENDS PAID AND PROPOSED RELATING TO THE FINANCIAL YEAR	**2014 pence**	2013 pence
Ordinary shares		
Interim (paid)	**7.00p**	6.65p
Final (proposed)	**19.00p**	17.95p
Total	**26.00p**	24.60p

Notes to the consolidated financial statements

for the year ended 31 December 2014

7 Earnings per ordinary share (EPS)

	2014			2013		
	Weighted average number of shares (millions)	**Earnings £m**	**EPS pence**	Weighted average number of shares (millions)	Earnings £m	EPS pence
Basic earnings per share	**1,140.2**	**490**	**43.0**	1,172.2	572	48.8
Based on 52.9% interest in total operations of the combined businesses	**1,140.2**	**505**	**44.3**	1,172.2	587	50.1
Diluted earnings per share	**1,152.7**	**490**	**42.5**	1,187.2	572	48.2

The diluted EPS figures are calculated after taking account of the effect of potential additional ordinary shares arising from share options and conditional shares.

The weighted average number of shares is after deducting shares held in treasury. Movements in the number of shares in issue net of treasury shares for the year ended 31 December 2014 are shown in note 11.

8 Adjusted figures

Adjusted profit and earnings per share figures are used by management as additional performance measures. The adjusted figures are derived as follows:

	Profit attributable to ordinary shareholders		Basic earnings per share	
	2014 £m	2013 £m	**2014 pence**	2013 pence
Reported figures	**490**	572	**43.0**	48.8
Effect of tax credit equalisation on distributed earnings	**15**	15	**1.3**	1.3
Profit attributable to ordinary shareholders based on 52.9% economic interest in the Reed Elsevier combined businesses	**505**	587	**44.3**	50.1
Share of adjustments in joint ventures:				
Amortisation of acquired intangible assets	**148**	172	**13.0**	14.6
Acquisition-related costs	**11**	16	**1.0**	1.4
Net financing charge on defined benefit pension schemes	**6**	7	**0.5**	0.6
Disposals and other non-operating items	**8**	10	**0.7**	0.9
Other deferred tax credits from intangible assets*	**(36)**	(159)	**(3.2)**	(13.6)
Adjusted figures	**642**	633	**56.3**	54.0

* Movements on deferred tax liabilities arising on acquired intangible assets that do not qualify for tax amortisation and in 2013 non-recurring deferred tax credits arising on the alignment of certain business assets with their global management structure.

9 Statement of cash flows

RECONCILIATION OF ADMINISTRATIVE EXPENSES TO CASH USED BY OPERATIONS	**2014 £m**	2013 £m
Administrative expenses	**(2)**	(2)
Cash used by operations	**(2)**	(2)

RECONCILIATION OF NET FUNDING BALANCES DUE FROM JOINT VENTURES	**2014 £m**	2013 £m
At start of year	**502**	949
Cash flow	**27**	(447)
At end of year	**529**	502

10 Investments in joint ventures

	2014 £m	2013 £m
Share of results of joint ventures	**495**	583
Share of joint ventures' other comprehensive loss	**(61)**	(13)
Share of joint ventures' acquisition of non-controlling interests	**(7)**	–
Share of joint ventures' increase in share based remuneration reserve (net of tax)	**25**	25
Share of joint ventures' purchase of treasury shares by employee benefit trust	**(17)**	–
Equalisation adjustments	**7**	13
Dividends received from joint ventures	**(618)**	(102)
Increase/(decrease) in net funding balances due from joint ventures	**27**	(447)
Net movement in the year	**(149)**	59
At start of year	**1,266**	1,207
At end of year	**1,117**	1,266

During the year the company received dividends of £500m from RELX Group plc and £118m from Elsevier Reed Finance BV.

Summarised information showing total amounts in respect of joint ventures and Reed Elsevier PLC shareholders' share is set out below:

	Total joint ventures		Reed Elsevier PLC shareholders' share	
	2014 £m	2013 £m	2014 £m	2013 £m
Revenue	**5,773**	6,035	**3,054**	3,193
Net profit for the year	**960**	1,115	**495**	583

Reed Elsevier PLC's share of joint ventures' net profit attributable to parent company shareholders for the year excludes the net profit that arose directly in Reed Elsevier PLC of £10m (2013: £4m).

Reed Elsevier PLC's other comprehensive income includes a loss of £61m (2013: £13m) relating to joint ventures.

	Total joint ventures		Reed Elsevier PLC shareholders' share	
	2014 £m	2013 £m	2014 £m	2013 £m
Total assets	**11,087**	10,495	**5,876**	5,552
Total liabilities	**(8,950)**	(8,072)	**(5,288)**	(4,788)
Net assets	**2,137**	2,423	**588**	764
Attributable to:				
Joint ventures	**2,106**	2,390	**588**	764
Non-controlling interests	**31**	33	**–**	–
	2,137	2,423	**588**	764
Funding balances due from joint ventures			**529**	502
Total			**1,117**	1,266

The above amounts for Reed Elsevier PLC's shareholders' share of total assets and total liabilities exclude assets and liabilities held by Reed Elsevier PLC, but include the counterparty balances of amounts owed to and by other Group businesses. Included within Reed Elsevier PLC's share of assets and liabilities are cash and cash equivalents of £146m (2013: £70m) and borrowings of £2,027m (2013: £1,736m) respectively.

Notes to the consolidated financial statements

for the year ended 31 December 2014

11 Share capital and shares held in treasury

CALLED UP SHARE CAPITAL – ISSUED AND FULLY PAID	2014 No. of shares	2014 £m	2013 No. of shares	2013 £m
At start of year	**1,267,036,696**	**182**	1,257,597,977	181
Issue of ordinary shares	**3,360,624**	**1**	9,438,719	1
Shares cancelled	**(65,000,000)**	**(9)**	–	–
At end of year	**1,205,397,320**	**174**	1,267,036,696	182

The issue of shares relates to the exercise of share options. Details of share option and conditional share schemes are set out in note 6 to the combined financial statements.

NUMBER OF ORDINARY SHARES	Year ended 31 December			
	2014 Shares in issue (millions)	2014 Treasury shares (millions)	2014 Shares in issue net of treasury shares (millions)	2013 Shares in issue net of treasury shares (millions)
At start of year	**1,267.0**	**(109.6)**	**1,157.4**	1,186.6
Issue of ordinary shares	**3.4**	**–**	**3.4**	9.4
Repurchase of ordinary shares	**–**	**(35.2)**	**(35.2)**	(41.9)
Net release of shares by the employee benefit trust	**–**	**2.1**	**2.1**	3.3
Shares cancelled	**(65.0)**	**65.0**	**–**	–
At end of year	**1,205.4**	**(77.7)**	**1,127.7**	1,157.4
Weighted average number of equivalent ordinary shares during the year			**1,140.2**	1,172.2

All of the ordinary shares rank equally with respect to voting rights and rights to receive dividends, except for shares held in treasury by the parent company, which do not attract voting or dividend rights. The Employee Benefit Trust (EBT) has waived the right to receive dividends on Reed Elsevier PLC shares. There are no restrictions on the rights to transfer shares.

At 31 December 2014, shares held in treasury included 8,032,643 (2013: 10,120,537) Reed Elsevier PLC ordinary shares held by the EBT and 69,698,335 (2013: 99,446,834) Reed Elsevier PLC ordinary shares held by the parent company. The EBT purchases Reed Elsevier PLC shares which, at the Trustee's discretion, can be used in respect of the exercise of share options and to meet commitments under conditional share awards. At 31 December 2014, Reed Elsevier PLC shares held by the EBT were £54m (2013: £64m) at cost. During December 2014, 65,000,000 Reed Elsevier PLC ordinary shares held in treasury were cancelled.

12 Other reserves

	2014 £m	2013 £m
At start of year	**533**	173
Profit attributable to ordinary shareholders	**490**	572
Cancellation of shares	**(495)**	–
Share of joint ventures':		
Actuarial (losses)/gains on defined benefit pension schemes	**(140)**	21
Fair value movements on cash flow hedges	**(43)**	34
Transfer to net profit from cash flow hedge reserve	**10**	(2)
Tax recognised in other comprehensive income	**40**	(19)
Increase in share based remuneration reserve (net of tax)	**25**	25
Settlement of share awards	**(14)**	(21)
Acquisition of non-controlling interest	**(7)**	–
Equalisation adjustments	**22**	28
Equity dividends paid	**(285)**	(278)
At end of year	**136**	533

13 Contingent liabilities

There are contingent liabilities in respect of borrowings of joint ventures guaranteed by Reed Elsevier PLC as follows:

	2014 £m	2013 £m
Guaranteed jointly and severally with Reed Elsevier NV	**3,607**	3,063

Financial instruments disclosures in respect of the borrowings covered by the above guarantees are given in note 18 to the combined financial statements.

14 Related party transactions

All transactions with joint ventures, which are related parties of Reed Elsevier PLC, are reflected in these financial statements. Key management personnel are also related parties and comprise the Directors of Reed Elsevier PLC. Transactions with key management personnel are set out in note 1 and in note 28 to the combined financial statements.

15 Principal joint ventures as at 31 December 2014

		% holding as at 31 December
Reed Elsevier Group plc		
Incorporated and operating in Great Britain	18,385 ordinary R shares	100%
1-3 Strand	18,385 ordinary E shares	–
London WC2N 5JR	100,000 7.5% cumulative preference non voting shares	100%
During 2014 was a holding company for operating businesses involved in science & medical, risk management, legal and business publishing and organisation of trade exhibitions	Equivalent to a 50% equity interest	
Elsevier Reed Finance BV		
Incorporated in the Netherlands	133 ordinary R shares	100%
Radarweg 29	205 ordinary E shares	–
1043 NX Amsterdam, Netherlands		
During 2014 was a holding company for financing businesses	Equivalent to a 39% equity interest	

Principal operating locations are set out on page 197. During 2014 the E shares in Reed Elsevier Group plc and Elsevier Reed Finance BV were owned by Reed Elsevier NV.

16 Principal subsidiary

		% holding
Reed Holding BV		
Incorporated in the Netherlands	191 ordinary shares	100%
Radarweg 29		
1043 NX Amsterdam, the Netherlands		

At 31 December 2014, Reed Holding BV owned 4,038,884 (2013: 4,146,785) shares of a separate class in Reed Elsevier NV. The equalisation arrangements entered into between Reed Elsevier PLC and Reed Elsevier NV at the time of the merger give Reed Elsevier PLC a 5.8% economic interest in Reed Elsevier NV.

17 Events after the balance sheet date

Effective 25 February 2015, Reed Elsevier PLC transferred its direct ownership interest in Elsevier Reed Finance BV to its jointly-owned company Reed Elsevier Group plc, for consideration of 31,613 ordinary voting shares in Reed Elsevier Group plc. Simultaneously, Reed Elsevier NV transferred its direct ownership interest in Elsevier Reed Finance BV to Reed Elsevier Group plc, for consideration of 31,613 ordinary voting shares in Reed Elsevier Group plc. This newly-combined single group entity was named RELX Group plc. The R shares and E shares of RELX Group plc held by Reed Elsevier PLC and Reed Elsevier NV respectively were converted into non-voting shares.

Reed Elsevier PLC has retained its 52.9% economic interest in the combined businesses, and no gain or loss was recorded on the transaction. As Reed Elsevier PLC and Reed Elsevier NV each hold 50% of the voting shares in issue, joint control of RELX Group plc has been retained and their respective interests will continue to be accounted for under the equity method, as described in the accounting policies on page 154.

Subsequently, Reed Elsevier PLC transferred non-interest bearing, payable-on-demand receivables of £475m to RELX Group plc for consideration of 2 ordinary non-voting R shares. As these R shares do not have voting rights, this transaction did not impact the joint-control of RELX Group plc.

Parent company balance sheet

AS AT 31 DECEMBER	Note	2014 £m	2013 £m
Fixed assets			
Investments in subsidiary undertakings	1	**309**	309
Investments in joint ventures	1	**2,314**	2,312
		2,623	2,621
Current assets			
Debtors: amounts due from joint ventures	2	**529**	502
		529	502
Creditors: amounts falling due within one year			
Taxation		**1**	2
Amounts owed to subsidiary undertakings	2	**77**	77
		78	79
Net current assets		**451**	423
Net assets		**3,074**	3,044
Capital and reserves			
Called up share capital		**174**	182
Share premium account		**1,274**	1,257
Shares held in treasury		**(531)**	(693)
Capital redemption reserve		**13**	4
Other reserves		**154**	152
Profit and loss reserve		**1,990**	2,142
Shareholders' funds		**3,074**	3,044

The parent company financial statements were approved by the Board of Directors, 25 February 2015.

A J Habgood
Chairman

N L Luff
Chief Financial Officer

Parent company reconciliation of shareholders' funds

	Share capital £m	Share premium account £m	Shares held in treasury £m	Capital redemption reserve £m	Other reserves £m	Profit and loss reserve £m	Total £m
At 1 January 2013	181	1,208	(367)	4	150	2,314	3,490
Profit attributable to ordinary shareholders	–	–	–	–	–	106	106
Equity dividends paid	–	–	–	–	–	(278)	(278)
Repurchase of ordinary shares	–	–	(326)	–	–	–	(326)
Issue of ordinary shares, net of expenses	1	49	–	–	–	–	50
Equity instruments granted to employees of combined businesses	–	–	–	–	2	–	2
At 1 January 2014	**182**	**1,257**	**(693)**	**4**	**152**	**2,142**	**3,044**
Profit attributable to ordinary shareholders	**–**	**–**	**–**	**–**	**–**	**628**	**628**
Equity dividends paid	**–**	**–**	**–**	**–**	**–**	**(285)**	**(285)**
Repurchase of ordinary shares	**–**	**–**	**(333)**	**–**	**–**	**–**	**(333)**
Cancellation of shares	**(9)**	**–**	**495**	**9**	**–**	**(495)**	**–**
Issue of ordinary shares, net of expenses	**1**	**17**	**–**	**–**	**–**	**–**	**18**
Equity instruments granted to employees of combined businesses	**–**	**–**	**–**	**–**	**2**	**–**	**2**
At 31 December 2014	**174**	**1,274**	**(531)**	**13**	**154**	**1,990**	**3,074**

Parent company accounting policies

Basis of preparation
The parent company financial statements have been prepared under the historical cost convention in accordance with UK Generally Accepted Accounting Practice (UK GAAP). Unless otherwise indicated, all amounts in the financial statements are in millions of pounds.

The parent company financial statements should be read in conjunction with the consolidated financial statements and notes presented on pages 152 to 159.

The parent company financial statements are prepared on a going concern basis, as explained on page 151.

As permitted by section 408 of the Companies Act 2006, the company has not presented its own profit and loss account.

The Reed Elsevier PLC accounting policies under UK GAAP are set out below.

Investments
Fixed asset investments are stated at cost, less provision, if appropriate, for any impairment in value. The fair value of the award of share options and conditional shares over Reed Elsevier PLC ordinary shares to employees of the combined businesses are treated as a capital contribution.

Other assets and liabilities are are stated at historic cost, less provision, if appropriate, for any impairment in value.

Shares held in treasury
The consideration paid, including directly attributable costs, for shares repurchased is recognised as shares held in treasury and presented as a deduction from total equity. Details of share capital and shares held in treasury are set out in note 11 of the Reed Elsevier PLC consolidated financial statements and note 26 of the combined financial statements.

Foreign exchange translation
Transactions entered into in foreign currencies are recorded at the exchange rates applicable at the time of the transaction.

Taxation
Deferred tax is provided in full for timing differences using the liability method. Deferred tax assets are only recognised to the extent that they are considered recoverable in the short term. Deferred tax balances are not discounted.

Notes to the parent company financial statements

1 Investments

	Subsidiary undertaking £m	Joint ventures £m	Total £m
At 1 January 2013	309	2,310	2,619
Equity instruments granted to Group employees	–	2	2
At 1 January 2014	**309**	**2,312**	**2,621**
Equity instruments granted to Group employees	**–**	**2**	**2**
At 31 December 2014	**309**	**2,314**	**2,623**

Principal joint ventures and subsidiaries are set out in notes 15 and 16 of the Reed Elsevier PLC consolidated financial statements.

2 Related party transactions

All transactions with joint ventures, subsidiaries and RELX Group employees, which are related parties of Reed Elsevier PLC, are reflected in these financial statements. Transactions with key management personnel including share based remuneration costs are set out in note 1 and in note 28 to the combined financial statements and details of the directors' remuneration are included in the Directors' Remuneration Report on pages 75 to 88.

3 Events after the balance sheet date

Effective 25 February 2015, Reed Elsevier PLC transferred its direct ownership interest in Elsevier Reed Finance BV to its jointly-owned company Reed Elsevier Group plc, for consideration of 31,613 ordinary voting shares in Reed Elsevier Group plc and this newly combined single group entity was named RELX Group plc. Reed Elsevier PLC also transferred non-interest bearing, payable-on-demand receivables of £475m to Reed Elsevier Group plc for consideration of 2 ordinary non-voting shares. Reed Elsevier PLC has retained its 52.9% economic interest in the combined businesses, and no gains or losses were recorded on the transactions. Further details are provided on page 66.

Independent auditor's report to the members of Reed Elsevier PLC

Opinion on our audit of the consolidated and parent company financial statements of Reed Elsevier PLC ("the Company")

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of the consolidated profit and their cash flows for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the consolidated financial statements which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated cash flow statement, the consolidated statement of changes in equity, a summary of the consolidated accounting policies and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation of the consolidated financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The parent company financial statements comprise the parent company balance sheet, the parent company reconciliation of shareholders' funds, a summary of the parent company significant accounting policies and the related notes 1-3. The financial reporting framework that has been applied in their preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards.

Our assessment of risks of material misstatement, application of materiality and overview of the scope of our audit
Given the nature of the Reed Elsevier PLC and Reed Elsevier NV legal structure, our assessment of risks of material misstatement, materiality and audit scoping for the Combined Businesses equally applies to the audit of the parent company and the consolidated financial statements of Reed Elsevier PLC. See page 132 for further details.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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.

We are required to communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We are also required to provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

Going Concern
As required by the Listing Rules we have reviewed the directors' statement contained on page 73 that the Company is a going concern. We confirm that given the nature of the Reed Elsevier PLC and Reed Elsevier NV legal structure, our assessment of the combined businesses' ability to continue as a going concern equally applies to the parent company and the consolidated financial statements of Reed Elsevier PLC.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. Under the Listing Rules we are required to review certain elements of the Directors' Remuneration Report. We have nothing to report arising from these matters or our review.

Corporate Governance Statement
Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report
Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We have nothing to report in respect of these matters.

Graham Richardson (Senior statutory auditor)

For and on behalf of
Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom
25 February 2015

5 year summary

	Note	IAS19 (revised)[5] 2014 £m	IAS19 (revised)[5] 2013 £m	IAS19 (revised)[5] 2012 £m	As reported 2012 £m	As reported 2011 £m	As reported 2010 £m
Combined financial information							
Revenue		**5,773**	6,035	6,116	6,116	6,002	6,055
Reported operating profit		**1,402**	1,376	1,333	1,358	1,205	1,090
Adjusted operating profit	1	**1,739**	1,749	1,688	1,713	1,626	1,555
Reported net profit attributable to shareholders		**955**	1,110	1,044	1,069	760	642
Adjusted net profit attributable to shareholders	1	**1,213**	1,197	1,121	1,138	1,060	983
Reed Elsevier PLC consolidated financial information							
Reported net profit attributable to shareholders	2	**490**	572	538	552	389	327
Adjusted net profit attributable to shareholders	3	**642**	633	593	602	561	520
Reported earnings per ordinary share (pence)	2	**43.0p**	48.8p	44.8p	46.0p	32.4p	27.3p
Adjusted earnings per ordinary share (pence)	3	**56.3p**	54.0p	49.4p	50.1p	46.7p	43.4p
Dividend per ordinary share (pence)	4	**26.0p**	24.6p	23.0p	23.0p	21.55p	20.4p

(1) Adjusted figures are presented as additional performance measures used by management and are stated before amortisation and impairment of acquired intangible assets and goodwill, the net financing cost on defined benefit pension schemes, exceptional restructuring (in 2010 only) and acquisition-related costs, exceptional prior year tax credits (in 2012 only), and in respect of attributable net profit, reflect a tax rate that excludes the effect of movements in deferred taxation assets and liabilities that are not expected to crystallise in the near term and includes the benefit of tax amortisation where available on acquired goodwill and intangible assets. Acquisition-related financing costs and profit and loss from disposal gains and losses and other non-operating items are also excluded from the adjusted figures.

(2) Reported net profit attributable to shareholders and reported earnings per share are based on the 52.9% share of the Reed Elsevier combined profit attributable to shareholders, adjusted to equalise the benefit of the UK dividend tax credit with Reed Elsevier NV shareholders as a reduction in reported profits.

(3) Adjusted net profit attributable to shareholders and adjusted earnings per share are based on the 52.9% share of the Reed Elsevier combined profit attributable to Reed Elsevier PLC shareholders.

(4) Dividend per ordinary share is based on the interim dividend and proposed final dividend for the relevant year.

(5) Comparative figures for 2012 have been restated following the adoption of IAS19 Employee Benefits (revised).

Reed Elsevier NV Annual Report and Financial Statements

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Report of the Board

The Non-Executive and Executive Directors present their joint report, together with the financial statements of the group and of Reed Elsevier NV, for the year ended 31 December 2014.

As a consequence of the merger of Reed Elsevier NV's businesses with those of Reed Elsevier PLC, and the Governing Agreement regulating the relationship including board composition and economic interests of the parties, the shareholders of Reed Elsevier NV and Reed Elsevier PLC can be regarded as having the interests of a single economic group. The combined financial statements represent the combined interests of both sets of shareholders and encompass the businesses of Reed Elsevier Group plc, Elsevier Reed Finance BV and their subsidiaries, associates and joint ventures, together with the parent companies, Reed Elsevier NV and Reed Elsevier PLC ("the combined businesses").

This report of the Board and the consolidated and parent company financial statements should be read in conjunction with the combined financial statements and other reports set out on pages 2 to 145, which are incorporated by reference herein. Summary combined financial information in euros is set out on pages 136 to 139. The combined financial statements on pages 92 to 95 are to be considered as part of the notes to the statutory financial statements. The Annual Report of Reed Elsevier NV within the meaning of article 2:391 of the Dutch Civil Code consists of pages 165 to 169 and, incorporated by reference, pages 2 to 146. The Corporate Governance Statement of Reed Elsevier NV dated 25 February 2015 is published on the Reed Elsevier website (www.relxgroup.com) and is incorporated by reference herein as per the Vaststellingsbesluit nadere voorschriften inhoud jaarverslag January 2010 article 2a under 1 sub b.

Effective 25 February 2015, Reed Elsevier NV and Reed Elsevier PLC transferred their respective ownership interests in Elsevier Reed Finance BV to Reed Elsevier Group plc and named this newly combined single group entity RELX Group plc, as part of a proposed modernisation of the corporate structure. A full description is set out on pages 66 and 67.

Principal activities
Reed Elsevier NV is a holding company and its principal investment is its direct 50% shareholding in RELX Group plc, which is engaged in providing information solutions for professional customers across industries. The remaining shareholding in RELX Group plc is held by Reed Elsevier PLC.

Reed Elsevier NV and Reed Elsevier PLC have retained their separate legal identities and are publicly held companies. Reed Elsevier NV's securities are listed in Amsterdam and New York and Reed Elsevier PLC's securities are listed in London and New York.

Financial statement presentation
The consolidated financial statements of Reed Elsevier NV include the 50% economic interest that its shareholders (including Reed Elsevier PLC, which has an indirect 5.8% interest in Reed Elsevier NV) have under the equalisation arrangements in the combined businesses, accounted for on an equity basis.

Dividends paid to Reed Elsevier NV and Reed Elsevier PLC shareholders are, other than in special circumstances, equalised at the gross level inclusive of the UK tax credit available to certain Reed Elsevier PLC shareholders.

In addition to the reported figures, adjusted profit figures are presented as additional performance measures used by management. These exclude in relation to the results of joint ventures, Reed Elsevier NV's share of amortisation of acquired intangible assets, acquisition-related costs, disposal-related and other non-operating items, the net pension financing charge or credit, and movements in deferred taxation assets and liabilities not expected to crystallise in the near term and include the benefit of tax amortisation where available on acquired goodwill and intangible assets.

Consolidated income statement
Reed Elsevier NV's shareholders' 50% share of the adjusted profit before tax of the combined businesses was €987m (2013: €928m). Reported profit before tax, including the Reed Elsevier NV shareholders' share of amortisation, acquisition-related costs and disposals and non-operating items, was €597m (2013: €659m). The decrease reflects the non-recurring deferred tax credits in 2013.

Elsevier achieved good growth in primary research submissions and usage, and in databases and tools, across the scientific, technical and medical segments. At Risk & Business Information; all business segments achieved strong growth. Legal maintained positive underlying revenue growth despite subdued market conditions in the US and Europe. Exhibitions achieved strong underlying growth and continued to actively pursue growth opportunities through new launches and small acquisitions.
The overall adjusted operating margin was 1.1 percentage points higher despite investment in global technology platforms and new products and services, reflecting a combination of process innovation, portfolio development and currency effects.

Reed Elsevier NV 's shareholders' share of the adjusted profit attributable to the combined businesses was €752m (2013: €707m). After deducting Reed Elsevier NV's share of the post-tax charge for amortisation of acquired intangible assets, acquisition-related costs, disposal-related and other non-operating items, the net financing charge on defined benefit pension schemes and movements in deferred taxes related to acquired intangible assets the reported net profit for the year was €592m (2013: €655m).

Adjusted earnings per share increased 8% to €1.07 (2013: €0.99). At constant rates of exchange, the adjusted earnings per share were 10% higher. Including amortisation of acquired intangible assets, acquisition-related costs, disposal-related and other non-operating items, the net financing charge on defined benefit pension schemes and tax adjustments, the basic earnings per share were €0.85 (2013: €0.91).

Consolidated statement of financial position
The consolidated statement of financial position of Reed Elsevier NV reflects its 50% economic interest in the net assets of the combined businesses which as at 31 December 2014 was €1,359m (2013: €1,434m). The €75m decrease in net assets reflects dividends paid and shares repurchased partially offset by Reed Elsevier NV's share in the comprehensive income of the Group.

Parent company financial statements
In accordance with article 2:362(1) of the Dutch Civil Code, the individual parent company financial statements of Reed Elsevier NV (presented on pages 179 to 181) are prepared under UK Generally Accepted Accounting Practice (UK GAAP). The profit attributable to the shareholders of Reed Elsevier NV was €537m (2013: €199m) and net assets as at 31 December 2014, principally representing the investments in Reed Elsevier Group plc and Elsevier Reed Finance BV under the historical cost method and loans to their subsidiaries, were €4,441m (2013: €4,579 m). Free reserves as at 31 December 2014 were €4,192m (2013: €4,329m), comprising reserves and paid-in surplus less shares held in treasury.

Dividends
The Board is recommending an equalised final dividend of €0.438 per ordinary share, up 17% compared with the prior year. This gives total ordinary dividends for the year of €0.589 (2013: €0.506), up 16% on 2013. The final dividend will be paid on 22 May 2015.

Dividend cover, based on adjusted earnings per share and the total interim and proposed final dividends for the year, is 1.8 times. The Boards of Reed Elsevier NV and Reed Elsevier PLC have adopted dividend policies in recent years in respect of their equalised dividends that, subject to currency considerations, grow dividends broadly in line with adjusted earnings per share whilst maintaining dividend cover (being the number of times the annual dividend is covered by the adjusted earnings per share) of at least two times over the longer term.

The total dividend paid on the ordinary shares in the financial year was €349m (2013: €321m).

Share capital
During 2014, 3,003,289 ordinary shares in Reed Elsevier NV were issued as follows:

- under convertible debentures at prices between €14.58 and €20.00
- under executive share option schemes at prices between €14.72 and €19.90

Information regarding shares outstanding at 31 December 2014 is shown in note 12 to the consolidated financial statements.

At 31 December 2014 the total shares held in treasury were 49,279,277. Of these 5,337,782 ordinary shares were held by the Employee Benefit Trust and 41,298,545 ordinary shares and 264,295 R shares (equivalent to 2,642,950 ordinary shares) were held by Reed Elsevier NV. At an extraordinary general meeting of shareholders of Reed Elsevier NV held in October 2014, the shareholders approved the reduction of the capital of the Reed Elsevier NV by the cancellation of up to 40 million of its ordinary shares held in treasury. Following the shareholders' meeting, the Board filed a declaration about cancellation of 40 million ordinary shares with the Trade Register at the Chamber of Commerce on 22 October 2014. The 40 million ordinary shares in Reed Elsevier NV were subsequently cancelled with effect from 24 December 2014.

Substantial holdings
As at 25 February 2015, based on the public database of and on notification received from the Netherlands Authority for the Financial Markets, the company is aware of interests in the capital and voting rights of the issued share capital of the company of at least 3% by the following persons or organisations:

- FIL Limited
- The Bank of New York Mellon Corporation
- Reed Elsevier PLC
- Black Rock, Inc.
- UBS AG
- Reed Elsevier NV

Authority to purchase shares
At the 2014 Annual General Meeting, shareholders passed a resolution delegating the authority to the Board to acquire shares in Reed Elsevier NV for a period of 18 months from the date of the Annual General Meeting of Shareholders and therefore up to and including 22 October 2015, for the maximum amount of 10% of the issued capital. During the year, 20,403,351 ordinary shares and additionally 107,901 R shares (equivalent to 1,079,010 ordinary shares), were purchased under this and the previous delegation of authority. As at 31 December 2014 there were 49,279,276 ordinary shares held in treasury, representing 6.7% of the issued ordinary shares. A further 2,787,800 ordinary shares were purchased between 2 January 2015 and the date of this report.

A resolution to renew the delegation of the authority is to be put to the 2015 Annual General Meeting, together with a proposal for approval of the reduction of Reed Elsevier NV's capital by cancellation of accumulated ordinary shares held in treasury.

Corporate Governance
Reed Elsevier NV and Reed Elsevier PLC are subject to various corporate governance principles and best practice codes, in particular the Dutch Corporate Governance Code issued in December 2008 (the Dutch Code) and the UK Corporate Governance Code issued by the UK Financial Reporting Council (FRC) in September 2012 (the UK Code). The FRC published a revised UK Corporate Governance Code in September 2014 (the 2014 Code) which applies to accounting periods beginning on or after 1 October 2014. Reed Elsevier NV may not apply fully the verbatim language of the UK Code, but does fully apply the principles and best practice provisions of the Dutch Code, other than the following for the reasons explained below:

- **Best practice provision II.2.5:** Executive directors are required to build up a minimum shareholding and meeting the relevant shareholding requirement is both a condition of the vesting of awards as well as a pre-requisite to maintain eligibility to receive future awards under the multi-year incentives. The Group uses long term incentive arrangements in the form of awards of shares which may vest after three years. The intent of this shareholding policy is to align the interests of senior executives and shareholders. This intent is in compliance with the Dutch Code. Shares received on joining the Group in compensation for benefits forfeited under incentive schemes from a previous employer are not to be considered as part of the minimum shareholding in this context.
- **Best practice provision II.2.8:** The Group has arrangements that are commensurate with local and legal requirements to ensure a competitive employment offer to its Board Members. Executive directors have service contracts under English law that provide for notice periods not exceeding one year. There are currently no executive directors with employment agreements under Dutch law. In the event of dismissal, notice

is given in accordance with the agreed notice period. The notice period applicable to the service contracts of executive directors is 12 months. The payment during the notice period may be mitigated if the director finds other employment within this period. The application of this arrangement may fall within the best practice provision that remuneration in the event of dismissal may not exceed the fixed component of one year's salary. There are no other severance arrangements in place for the executive directors and none of the service contracts contain severance pay arrangements. Although the principle that severance pay should not exceed the fixed component of one year's salary is supported, there may be exceptional circumstances where this maximum would be manifestly unreasonable that could justify additional compensation on termination for loss of variable remuneration components. Full disclosure on remuneration in event of dismissal is provided in the Directors' Remuneration Report.

- **Best practice provisions II.2.13 and II.2.14:** In view of their detailed specificity and complexity and because of the confidential or potentially commercially sensitive nature of the information concerned, individual performance targets and achievements relevant for variable executive remuneration will only be disclosed in general terms.
- **Best practice provision II.3.4 and III.6.3:** The disclosure of transactions where directors have a conflict of interest, as required by these provisions, shall be qualified to the extent required under applicable rules and laws pertaining to the disclosure of price sensitive information, confidentiality and justified aspects of competition.
- **Principle III.7:** The remuneration of non-executive directors is determined by the Board in the context of the board harmonisation with Reed Elsevier PLC and RELX Group plc, having regard for the maximum per annum approved by the general meeting of shareholders.
- **Best practice provision IV.1.1:** Appointments, suspensions and removal procedures for executive directors are set out in the Reed Elsevier NV Corporate Governance Statement 2014. In order to safeguard the agreed board harmonisation with the Board of Reed Elsevier PLC, the articles of association of Reed Elsevier NV provide that a resolution of the General Shareholders' Meeting to appoint an executive director other than in accordance with the proposal of the Board shall require a majority of at least two thirds of the votes cast if less than one half of the company's issued capital is represented at the meeting. Given the still generally low attendance rate at shareholders' meetings in the Netherlands, the Board believes that this qualified majority requirement is appropriate for this purpose.
- **Best practice provision IV.3.1:** It is considered impractical and unnecessary to provide access for shareholders to all meetings with analysts and all presentations to investors in real time. Price sensitive and other information relevant to shareholders is disclosed as required or as appropriate and made available on the website. Presentations made following the announcement of the interim and full year results are simultaneously webcast. Investor seminars are also webcast.

For further information on the application of the Dutch Code, see the Corporate Governance Statement of Reed Elsevier NV published on the website, www.relxgroup.com.

The Board

Since May 2013, Reed Elsevier NV has had a unitary board comprising both executive and non-executive directors.

The Boards of Reed Elsevier PLC and RELX Group plc are also unitary boards. It is established board practice at Reed Elsevier NV that the executive and the non-executive directors meet together.

Significant agreements – change of control

The Governing Agreement between Reed Elsevier NV and Reed Elsevier PLC states that upon a change of control of Reed Elsevier NV (for these purposes, the acquisition by a third party of 50% or more of the issued share capital having voting rights), should there not be a comparable offer from the offeror for Reed Elsevier PLC, Reed Elsevier PLC may serve notice upon Reed Elsevier NV varying certain provisions of the Governing Agreement, including the governance and the standstill provisions.

There are a number of borrowing agreements including credit facilities that in the event of a change of control of both Reed Elsevier NV and Reed Elsevier PLC and, in some cases, a consequential credit rating downgrade to sub-investment grade may, at the option of the lenders, require repayment and/or cancellation as appropriate.

Directors

The following individuals served as directors during the year:

Non-executive directors	Executive directors
A Habgood (Chairman)	E Engstrom (Chief Executive Officer)
W Hauser	D Palmer (Chief Financial Officer, until 1 September 2014, resigned 24 September 2014)
A Hennah	N Luff (Chief Financial Officer, appointed 1 September 2014)
L Hook (Senior Independent Director)	
M van Lier Lels	
R Polet	
L Sanford	
B van der Veer	

Duncan Palmer stepped down as Chief Financial Officer on 1 September 2014 and left the Group on 24 September 2014. Following the conclusion of the search process and on the recommendation of the Nominations Committee, the Boards selected Nick Luff who joined the Group and was appointed as Chief Financial Officer on 1 September 2014.

All directors will stand for re-appointment at the Annual General Meeting in April 2015.

With great sadness we have learnt of the sudden death of Professor Dolf van den Brink in December 2014. Mr Van den Brink was Chairman of the Supervisory Board of Elsevier Reed Finance BV for a period of 8 years until July 2014. Earlier in 2014 he had decided to stand down as Chairman due to his busy work schedule. Mr Van den Brink was very committed to the Group and his expertise and good humour were much appreciated. He was greatly valued by everyone in the Group who knew and worked with him.

Biographical details of the Directors at the date of this report are given on pages 62 and 63. Details of the remuneration of the Directors and their interests in the share capital of the company are provided in the Directors' Remuneration Report on pages 75 to 88.

Financial statements and accounting records

The financial statements provide a true and fair view of the state of affairs of Reed Elsevier NV and the Group as of 31 December 2014 and of the profit or loss in 2014. In preparing the financial statements, the Board ensures that suitable accounting policies, consistently applied and supported by reasonable judgements and estimates, have been used and applicable accounting standards have been followed. The Board is responsible for keeping proper accounting records, which 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 law. The Board has general responsibility for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Internal control

As required under sections II.1.4. and II.1.5. of the Dutch Code, the Audit Committee and the Board have reviewed the effectiveness of the systems of internal control and risk management during the last financial year. The objective of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives. Accordingly, they can only provide reasonable, but not absolute, assurance against material misstatement or loss. The outcome of this review has been discussed with the external auditors. The Board confirmed that as regards financial reporting, the risk management and control systems provide reasonable assurance against material inaccuracies or loss and have functioned properly during the financial year.

Directors' responsibility statement

The Board confirms, to the best of its knowledge, that:

- the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, give a true and fair view of the financial position and profit or loss of the group; and
- the Report of the Board includes a fair review of the development and performance of the business during the financial year and the position of the group as at 31 December 2014 together with a description of the principal risks and uncertainties that it faces.

Neither Reed Elsevier NV nor the directors accept any liability to any person in relation to the Annual Report except to the extent that such liability arises under Dutch law.

Disclosure of information to auditors

As part of the process of approving the Reed Elsevier NV 2014 financial statements, the Board has taken steps to ensure that all relevant information was provided to the Reed Elsevier NV auditors and, so far as the Board is aware, there is no relevant audit information of which the Reed Elsevier NV auditors are unaware of.

Going concern

The Directors, having made appropriate enquiries, consider that adequate resources exist for the combined businesses to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the 2014 financial statements. In reaching this conclusion, the Directors have had due regard to the combined businesses' financial position as at 31 December 2014, the strong free cash flow of the combined businesses, the Group's ability to access capital markets and the principal risks facing the Group. No material uncertainties have been identified.

A commentary on the combined businesses' cash flows, financial position and liquidity for the year ended 31 December 2014 is set out in the Chief Financial Officer's Report on pages 50 to 57. This shows that, after taking account of available cash resources and committed bank facilities that back up short term borrowings, all of the Group's borrowings that mature within the next two years can be covered. The Group's policies on liquidity, capital management and management of risks relating to interest rate, foreign exchange and credit exposures are set out on pages 120 to 123. The principal risks facing the Group are set out on pages 58 to 60.

Auditors

Resolutions for the re-appointment of Deloitte Accountants BV as auditors of the company and to authorise the Board to determine their remuneration will be submitted to the forthcoming Annual General Meeting on 22 April 2015.

Signed by:

Non-executive directors
A Habgood (Chairman)
W Hauser
A Hennah
L Hook
M van Lier Lels
R Polet
L Sanford
B van der Veer

Executive directors
E Engstrom
(Chief Executive Officer)
N Luff
(Chief Financial Officer)

Registered office
Radarweg 29
1043 NX Amsterdam
The Netherlands

Chamber of Commerce Amsterdam
Register file No: 33155037
25 February 2015

Consolidated income statement

FOR THE YEAR ENDED 31 DECEMBER	Note	2014 €m	2013 €m
Administrative expenses	2	**(3)**	(2)
Share of results of joint ventures	10	**575**	642
Operating profit		**572**	640
Finance income	4	**25**	19
Profit before tax		**597**	659
Tax expense	5	**(5)**	(4)
Profit attributable to shareholders	1	**592**	655

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER	2014 €m	2013 €m
Profit attributable to shareholders	**592**	655
Share of joint ventures' other comprehensive income/(loss) for the year	**29**	(48)
Total comprehensive income for the year	**621**	607

Earnings per ordinary share

FOR THE YEAR ENDED 31 DECEMBER	Note	2014 €	2013 €
Basic earnings per share	7	**0.85**	0.91
Diluted earnings per share	7	**0.84**	0.90

Consolidated statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER	Note	2014 €m	2013 €m
Cash flows from operating activities			
Cash used by operations	9	**(3)**	(3)
Interest received		**26**	19
Tax paid		**(3)**	(1)
Net cash from operating activities		**20**	15
Cash flows from investing activities			
Dividends received from joint ventures	10	**520**	186
Net cash from investing activities		**520**	186
Cash flows from financing activities			
Equity dividends paid	6	**(349)**	(321)
Repurchase of shares		**(361)**	(337)
Proceeds on issue of ordinary shares		**33**	88
Decrease in net funding balances due from joint ventures	9	**141**	370
Net cash used in financing activities		**(536)**	(200)
Movement in cash and cash equivalents		**4**	1

Consolidated statement of financial position

AS AT 31 DECEMBER	Note	2014 €m	2013 €m
Non-current assets			
Investments in joint ventures	10,16	**1,412**	1,488
Current assets			
Amounts due from joint ventures		**3**	4
Cash and cash equivalents		**6**	2
		9	6
Total assets		**1,421**	1,494
Current liabilities			
Payables	11	**6**	6
Taxation		**56**	54
Total liabilities		**62**	60
Net assets		**1,359**	1,434
Capital and reserves			
Share capital issued	12	**52**	55
Paid-in surplus		**2,309**	2,276
Shares held in treasury (including in joint ventures)		**(711)**	(881)
Translation reserve		**60**	(131)
Other reserves	13	**(351)**	115
Total equity	1	**1,359**	1,434

Consolidated statement of changes in equity

	Note	Share capital €m	Paid-in surplus €m	Shares held in treasury €m	Translation reserves €m	Other reserves €m	Total equity €m
Balance at 1 January 2013		54	2,189	(571)	(42)	(228)	1,402
Total comprehensive income for the year		–	–	–	(86)	693	607
Equity dividends paid	6	–	–	–	–	(321)	(321)
Issue of ordinary shares, net of expenses		1	87	–	–	–	88
Repurchase of shares		–	–	(337)	–	–	(337)
Share of joint ventures' increase in share based remuneration reserve (net of tax)		–	–	–	–	29	29
Share of joint ventures' settlement of share awards by the employee benefit trust		–	–	24	–	(24)	–
Equalisation adjustments		–	–	–	–	(34)	(34)
Exchange translation differences		–	–	3	(3)	–	–
Balance at 1 January 2014		**55**	**2,276**	**(881)**	**(131)**	**115**	**1,434**
Total comprehensive income for the year		**–**	**–**	**–**	**185**	**436**	**621**
Equity dividends paid	6	**–**	**–**	**–**	**–**	**(349)**	**(349)**
Issue of ordinary shares, net of expenses		**–**	**33**	**–**	**–**	**–**	**33**
Repurchase of shares		**–**	**–**	**(381)**	**–**	**–**	**(381)**
Cancellation of shares		**(3)**	**–**	**540**	**–**	**(537)**	**–**
Share of joint ventures' increase in share based remuneration reserve (net of tax)		**–**	**–**	**–**	**–**	**30**	**30**
Share of joint ventures' settlement of share awards by the employee benefit trust		**–**	**–**	**17**	**–**	**(17)**	**–**
Share of joint ventures' acquisition of non-controlling interest		**–**	**–**	**–**	**–**	**(9)**	**(9)**
Equalisation adjustments		**–**	**–**	**–**	**–**	**(20)**	**(20)**
Exchange translation differences		**–**	**–**	**(6)**	**6**	**–**	**–**
Balance at 31 December 2014		**52**	**2,309**	**(711)**	**60**	**(351)**	**1,359**

Group accounting policies

Basis of preparation
These consolidated financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards. They report the consolidated statements of income, comprehensive income, cash flow, financial position and changes in equity of Reed Elsevier NV (incorporated and domiciled in the Netherlands), and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements are prepared on a going concern basis, as explained on page 169. Unless otherwise indicated, all amounts shown in the financial statements are in millions of euros.

The combined financial statements presented in pounds sterling on pages 92 to 95 form an integral part of the notes to Reed Elsevier NV's statutory financial statements. The primary combined financial statements and selected notes are presented in euros on pages 135 to 145. The accounting policies adopted in the preparation of the combined financial statements are set out on pages 96 to 101.

Determination of profit
The Reed Elsevier NV share of the Group's combined results has been calculated on the basis of the 50% economic interest of the Reed Elsevier NV shareholders in the combined businesses, after taking account of results arising in Reed Elsevier NV and its subsidiaries.

Because the dividend paid to shareholders by Reed Elsevier NV is equivalent to the Reed Elsevier PLC dividend plus, other than in special circumstances, the UK tax credit available to certain Reed Elsevier PLC shareholders, Reed Elsevier NV normally distributes a higher proportion of the combined profit attributable than Reed Elsevier PLC. Reed Elsevier PLC's share in this difference in dividend distributions is settled with Reed Elsevier NV and is credited directly to consolidated reserves under equalisation. Reed Elsevier NV can pay a nominal dividend on its R shares held by a subsidiary of Reed Elsevier PLC that is lower than the dividend on the ordinary shares. Equally, Reed Elsevier NV has the possibility to receive dividends directly from Dutch affiliates. Reed Elsevier PLC is compensated by direct dividend payments by RELX Group plc. The settlements flowing from these arrangements are also taken directly to consolidated reserves under equalisation.

Investments
Reed Elsevier NV's 50% economic interest in the net assets of the combined businesses has been shown on the consolidated statement of financial position as investments in joint ventures, net of the assets and liabilities reported as part of Reed Elsevier NV and its subsidiaries. Investments in joint ventures are accounted for using the equity method.

Foreign exchange translation
Transactions in foreign currencies are recorded at the rate of exchange prevailing on the date of the transaction. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing on the statement of financial position date. Exchange differences arising are recorded in the income statement. The gains or losses relating to the retranslation of Reed Elsevier NV's 50% interest in the net assets of the combined businesses are classified as equity and transferred to the translation reserve. When foreign operations are disposed of, the related cumulative translation differences are recognised within the income statement in the period.

Taxation
Tax expense comprises current and deferred tax. Current and deferred tax are charged or credited in the income statement except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside profit or loss (either in other comprehensive income, directly in equity, or through a business combination) in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences but not recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognised on temporary differences that arise from goodwill which is not deductible for tax purposes. Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised; and reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are not recognised in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination. Deferred tax is not discounted.

Critical judgements and key sources of estimation uncertainty
Critical judgements in the preparation of the combined financial statements are set out on pages 99 to 100.

Standards and amendments effective for the year
The interpretations and amendments to IFRS effective for 2014 have not had a significant impact on the Group's accounting policies or reporting.

Standards, amendments and interpretations not yet effective
Recently issued standards, amendments and interpretations and their impact on future accounting policies and reporting have been considered on page 101 of the combined financial statements.

Notes to the consolidated financial statements
for the year ended 31 December 2014

1 Basis of preparation

The consolidated financial statements of Reed Elsevier NV reflect the 50% economic interest that its shareholders have under the equalisation arrangements in the combined businesses, accounted for on an equity basis.

The combined financial statements are presented in pounds sterling, which is the functional currency of the Group. The following analysis presents how the consolidated financial statements of Reed Elsevier NV, presented in euros, are derived from the combined financial statements.

REED ELSEVIER NV CONSOLIDATED PROFIT ATTRIBUTABLE TO SHAREHOLDERS	2014	2013
Combined businesses net profit attributable to parent company shareholders in pounds sterling	**£955m**	£1,110m
Combined businesses net profit attributable to parent company shareholders in pounds sterling translated into euros at average exchange rates	**€1,184m**	€1,310m
Reed Elsevier NV's 50% share of combined net profit attributable to shareholders	**€592m**	€655m

REED ELSEVIER NV CONSOLIDATED TOTAL EQUITY	2014	2013
Combined shareholders' equity in pounds sterling	**£2,106m**	£2,390m
Combined shareholders' equity in pounds sterling translated into euros at year-end exchange rates	**€2,717m**	€2,868m
Reed Elsevier NV's 50% share of combined equity	**€1,359m**	€1,434m

2 Administrative expenses

Administrative expenses include the remuneration for present and former Directors of Reed Elsevier NV in respect of services rendered to Reed Elsevier NV and the combined businesses. Fees for Non–Executive Directors of Reed Elsevier NV of €0.3m (2013: €0.3m) are included in remuneration. Insofar as remuneration is related to services rendered during 2014 to Reed Elsevier Group plc and Elsevier Reed Finance BV group, it was borne by these groups. Reed Elsevier NV has no employees (2013: nil).

3 Auditor's remuneration

Audit fees payable by Reed Elsevier NV were €130,000 (2013: €129,000). Further information on the audit and non-audit fees paid by the combined businesses to Deloitte Accountants BV and its associates is set out in note 3 to the combined financial statements.

4 Finance income

	2014 €m	2013 €m
Finance income from joint ventures	**25**	19

5 Taxation

A reconciliation of the notional tax charge based on the applicable rate of tax to the actual total tax expense is set out below:

	2014 €m	2013 €m
Profit before tax	**597**	659
Tax at applicable rate: 25% (2013: 25%)	**(149)**	(165)
Tax at applicable rate on share of results of joint ventures	**144**	161
Tax expense	**(5)**	(4)

Notes to the consolidated financial statements

for the year ended 31 December 2014

6 Equity dividends

ORDINARY DIVIDENDS DECLARED AND PAID IN THE YEAR	2014 €	2013 €	2014 €m	2013 €m
Ordinary shares:				
Final for prior financial year	**€0.374**	€0.337	**249**	230
Interim for financial year	**€0.151**	€0.132	**100**	91
Total	**€0.525**	€0.469	**349**	321
R shares	**–**	–	**–**	–

The Board of Reed Elsevier NV has proposed a final dividend of €0.438 (2013: €0.374). The cost of funding the proposed final dividend is expected to be €287m. No liability has been recognised at the statement of financial position date.

ORDINARY DIVIDENDS PAID AND PROPOSED RELATING TO THE FINANCIAL YEAR	2014 €	2013 €
Ordinary shares:		
Interim (paid)	**€0.151**	€0.132
Final (proposed)	**€0.438**	€0.374
Total	**€0.589**	€0.506
R shares	**–**	–

7 Earnings per ordinary share ("EPS")

	2014			2013		
	Weighted average number of shares (millions)	Earnings €m	EPS €	Weighted average number of shares (millions)	Earnings €m	EPS €
Basic earnings per share	**700.1**	**592**	**0.85**	717.6	655	0.91
Diluted earnings per share	**708.3**	**592**	**0.84**	726.9	655	0.90

The weighted average number of shares reflects the equivalent ordinary shares amount taking into account the R shares and is after deducting shares held in treasury. R shares in the company are held by a subsidiary of Reed Elsevier PLC and represent a 5.8% interest in Reed Elsevier NV's share capital.

The diluted EPS figures are calculated after taking account of the effect of potential additional ordinary shares arising from share options and conditional shares.

Movements in the number of ordinary shares or equivalents for the year ended 31 December 2014 are shown in note 12.

8 Adjusted figures

Adjusted profit and earnings per share figures are used by management as additional performance measures. The adjusted figures are derived as follows:

	Profit attributable to shareholders		Basic earnings per share	
	2014 €m	2013 €m	2014 €	2013 €
Reported figures	**592**	655	**0.85**	0.91
Share of adjustments in joint ventures:				
Amortisation of acquired intangible assets	**174**	192	**0.24**	0.27
Acquisition-related costs	**13**	18	**0.02**	0.03
Net financing charge on defined benefit pension schemes	**7**	8	**0.01**	0.01
Disposals and other non-operating items	**8**	11	**0.01**	0.02
Other deferred tax credits from intangible assets*	**(42)**	(177)	**(0.06)**	(0.25)
Adjusted figures	**752**	707	**1.07**	0.99

* Movements on deferred tax liabilities arising on acquired intangible assets that do not qualify for tax amortisation and in 2013 non-recurring deferred tax credits arising on the alignment of certain business assets with their global management structure.

9 Statement of cash flows

RECONCILIATION OF ADMINISTRATIVE EXPENSES TO CASH USED BY OPERATIONS	2014 €m	2013 €m
Administrative expenses	**(3)**	(2)
Movement in payables	**–**	(1)
Cash used by operations	**(3)**	(3)

RECONCILIATION OF NET FUNDING BALANCES DUE FROM JOINT VENTURES	2014 €m	2013 €m
At start of year	**1,027**	1,397
Cash flow	**(141)**	(370)
At end of year	**886**	1,027

10 Investments in joint ventures

	2014 €m	2013 €m
Share of results of joint ventures	**575**	642
Share of joint ventures' other comprehensive gain/(loss)	**29**	(48)
Share of joint ventures' acquisition of non-controlling interests	**(9)**	–
Share of joint ventures' increase in share based remuneration reserve (net of tax)	**30**	29
Share of joint ventures' purchase of treasury shares by employee benefit trust	**(20)**	–
Equalisation adjustments	**(20)**	(34)
Dividends received from joint ventures	**(520)**	(186)
Decrease in net funding balances due from joint ventures	**(141)**	(370)
Net movement in the year	**(76)**	33
At start of year	**1,488**	1,455
At end of year	**1,412**	1,488

During the year Reed Elsevier NV received dividends of €300m from Reed Elsevier Overseas BV and €220m from Elsevier Reed Finance BV.

Summarised information showing total amounts in respect of joint ventures and Reed Elsevier NV shareholders' 50% share is set out below:

	Total joint ventures		Reed Elsevier NV shareholders' share	
	2014 €m	2013 €m	2014 €m	2013 €m
Revenue	**7,159**	7,121	**3,580**	3,561
Net profit for the year	**1,190**	1,316	**575**	642

Reed Elsevier NV's share of joint ventures' net profit attributable to parent company shareholders for the year excludes the net profit that arose directly in Reed Elsevier NV of €17m (2013: €13m).

Reed Elsevier NV's other comprehensive income includes an income of €29m (2013: €48m loss) relating to joint ventures.

	Total joint ventures		Reed Elsevier NV shareholders' share	
	2014 €m	2013 €m	2014 €m	2013 €m
Total assets	**14,302**	12,594	**7,145**	6,295
Total liabilities	**(11,545)**	(9,686)	**(6,619)**	(5,834)
Net assets	**2,757**	2,908	**526**	461
Attributable to:				
Joint ventures	**2,717**	2,868	**526**	461
Non-controlling interests	**40**	40	**–**	–
			526	461
Net funding balances due from joint ventures			**886**	1,027
Total	**2,757**	2,908	**1412**	1,488

The above amounts for Reed Elsevier NV's shareholders share of total assets and total liabilities exclude assets and liabilities held by Reed Elsevier NV, but include the counterparty balances of amounts owed to and by other Group businesses. Included within Reed Elsevier NV's share of assets and liabilities are cash and cash equivalents of €172m (2013: €77m) and borrowings of €2,467m (2013: €1,963m) respectively.

Notes to the consolidated financial statements

for the year ended 31 December 2014

11 Payables

Included within payables are RELX Group employee convertible debenture loans of €4m (2013: €5m) with a weighted average interest rate of 1.65% (2013: 1.95%). Depending on the conversion terms, the surrender of €200 par value debenture loans qualifies for 50 Reed Elsevier NV ordinary shares.

12 Share capital and shares held in treasury

AUTHORISED	No. of shares	€m
Ordinary shares of €0.07 each	**1,800,000,000**	**126**
R shares of €0.70 each	**26,000,000**	**18**
Total		**144**

ISSUED AND FULLY PAID	R shares number	Ordinary shares number	R shares €m	Ordinary shares €m	Total €m
At 1 January 2013	4,303,179	725,984,225	3	51	54
Issue of ordinary shares	–	8,165,731	–	1	1
At 1 January 2014	4,303,179	734,149,956	3	52	55
Issue of ordinary shares	–	3,003,289	–	–	–
Cancellation of shares	–	(40,000,000)	–	(3)	(3)
At 31 December 2014	**4,303,179**	**697,153,245**	**3**	**49**	**52**

The issue of shares relates to the exercise of share options. Details of share option and conditional share schemes are set out in note 6 to the combined financial statements.

TOTAL ORDINARY SHARES OR EQUIVALENTS	Year ended 31 December				
	Ordinary shares in issue (millions)	R shares in issue* (millions)	Treasury shares (millions)	2014 Ordinary shares or equivalents net of treasury shares (millions)	2013 Ordinary shares or equivalents net of treasury shares (millions)
Ordinary shares at start of year	**734.1**	**–**	**(65.9)**	**668.2**	682.4
Issue of ordinary shares	**3.0**	**–**	**–**	**3.0**	8.1
Repurchase of ordinary shares	**–**	**–**	**(20.4)**	**(20.4)**	(24.3)
Cancellation of shares	**(40.0)**	**–**	**40.0**	**–**	–
Net (purchase)/release of ordinary shares by the employee benefit trust	**–**	**–**	**(0.3)**	**(0.3)**	2.0
Ordinary shares at end of year	**697.1**	**–**	**(46.6)**	**650.5**	668.2
R share equivalents at start of year	**–**	**43.0**	**(1.5)**	**41.5**	42.4
Repurchase of R share equivalents	**–**	**–**	**(1.1)**	**(1.1)**	(0.9)
R share equivalents at end of year	**–**	**43.0**	**(2.6)**	**40.4**	41.5
Total ordinary share equivalents at end of year	**697.1**	**43.0**	**(49.2)**	**690.9**	709.7
Weighted average number of ordinary share equivalents during the year				**700.1**	717.6

*ordinary share equivalents.

At 31 December 2014, 4,038,884 R shares (2013: 4,146,785) were held by a subsidiary of Reed Elsevier PLC. The R shares are convertible at the election of the holders into ten ordinary shares each and each R share carries an entitlement to cast ten votes. They have otherwise the same rights as the ordinary shares, except that Reed Elsevier NV may pay a lower dividend on the R shares.

At 31 December 2014 shares held in treasury comprised 41,298,545 ordinary shares and 264,295 R shares (equivalent to 2,642,950 ordinary shares). In addition, 5,337,782 ordinary shares were held by the Employee Benefit Trust. At an extraordinary general meeting of shareholders of Reed Elsevier NV held in October 2014, the shareholders approved the reduction of the capital of Reed Elsevier NV by the cancellation of up to 40,000,000 of its ordinary shares held in treasury. Following the shareholders' meeting, the Board filed a declaration for the cancellation of 40,000,000 ordinary shares with the Trade Register at the Chamber of Commerce on 22 October 2014. The 40,000,000 ordinary shares of Reed Elsevier NV were subsequently cancelled with effect from 24 December 2014.

13 Other reserves

	2014 €m	2013 €m
At start of year	**115**	(228)
Profit attributable to shareholders	**592**	655
Cancellation of shares	**(537)**	–
Share of joint ventures':		
Actuarial (losses)/gains on defined benefit pension schemes	**(165)**	24
Fair value movements on cash flow hedges	**(50)**	38
Transfer to net profit from cash flow hedge reserve	**12**	(2)
Tax recognised in other comprehensive income	**47**	(22)
Increase in share based remuneration reserve (net of tax)	**30**	29
Settlement of share awards	**(17)**	(24)
Acquisition of non-controlling interest	**(9)**	–
Equalisation adjustments	**(20)**	(34)
Equity dividends paid	**(349)**	(321)
At end of year	**(351)**	115

14 Contingent liabilities

There are contingent liabilities in respect of borrowings of joint ventures guaranteed by Reed Elsevier NV as follows:

	2014 €m	2013 €m
Guaranteed jointly and severally with Reed Elsevier PLC	**4,653**	3,676

Financial instruments disclosures in respect of the borrowings covered by the above guarantees are given in note 18 to the combined financial statements.

15 Related party transactions

All transactions with joint ventures and RELX Group employees, which are related parties of Reed Elsevier NV, are reflected in these financial statements. Key management personnel are also related parties and comprise the Directors of Reed Elsevier NV. Transactions with key management personnel are set out in note 2 and in note 28 to the combined financial statements.

16 Principal joint ventures as at 31 December 2014

		% holding
Reed Elsevier Group plc		
Incorporated and operating in Great Britain	18,385 ordinary R shares	–
1–3 Strand	18,385 ordinary E shares	100%
London WC2N 5JR	100,000 7.5% cumulative preference non voting shares	–
During 2014 was a holding company for operating businesses involved in science & medical, risk management, legal and business publishing and organisation of trade exhibitions	Equivalent to a 50% equity interest	
Elsevier Reed Finance BV		
Incorporated in the Netherlands	133 ordinary R shares	–
Radarweg 29	205 ordinary E shares	100%
1043 NX Amsterdam, the Netherlands		
During 2014 was a holding company for financing businesses	Equivalent to a 61% equity interest	

As at 31 December 2014, the R shares in Reed Elsevier Group plc and Elsevier Reed Finance BV and the non-voting preference shares in Reed Elsevier Group plc were owned by Reed Elsevier PLC. In addition, Reed Elsevier NV holds shares with special dividend rights in Reed Elsevier Overseas BV, a subsidiary of Reed Elsevier Group plc with registered offices in Amsterdam. These shares are included in the amount shown under investments in joint ventures and enable Reed Elsevier NV to receive dividends from companies within the same tax jurisdiction.

A list of companies within the Group is filed with the Amsterdam Chamber of Commerce in the Netherlands.

Notes to the consolidated financial statements

for the year ended 31 December 2014

17 Events after the balance sheet date

Effective 25 February 2015, Reed Elsevier NV transferred interest bearing receivables of €836m to Elsevier Reed Finance BV for consideration of 1 ordinary voting E share. Subsequently, on 25 February 2015, Reed Elsevier NV transferred its direct ownership interest in Elsevier Reed Finance BV to its jointly-owned company Reed Elsevier Group plc, for consideration of 31,613 ordinary voting shares in Reed Elsevier Group plc. Simultaneously, Reed Elsevier PLC transferred its direct ownership interest in Elsevier Reed Finance BV to Reed Elsevier Group plc, for consideration of 31,613 ordinary voting shares in Reed Elsevier Group plc. This newly combined single group entity was named RELX Group plc. The R shares and E shares of RELX Group plc held by Reed Elsevier PLC and Reed Elsevier NV respectively were converted into non-voting shares.

Reed Elsevier NV has retained its 50% economic interest in the combined businesses, and no gains or losses were recorded on the transactions. As Reed Elsevier NV and Reed Elsevier PLC each hold 50% of the voting shares in issue, joint control of RELX Group plc has been retained and their respective interests will continue to be accounted for under the equity method, as described in the accounting policies on page 172.

18 Approval of financial statements

The consolidated financial statements were signed and authorised for issue by the Board of Directors on 25 February 2015.

A J Habgood
Chairman of the Board

N L Luff
Chief Financial Officer

Parent company profit and loss account

FOR THE YEAR ENDED 31 DECEMBER	Note	2014 €m	2013 €m
Administrative expenses		**(3)**	(2)
Dividends received from joint ventures		**520**	186
Finance income from joint ventures		**25**	19
Tax expense		**(5)**	(4)
Profit attributable to ordinary shareholders	2	**537**	199

Parent company balance sheet

AS AT 31 DECEMBER	Note	2014 €m	2013 €m
Fixed assets			
Investments in joint ventures	3	**3,608**	3,606
Current assets			
Amounts due from joint ventures – funding	3	**886**	1,027
Amounts due from joint ventures – other	3	**3**	4
		889	1,031
Cash		**6**	2
		895	1,033
Creditors: amounts falling due within one year			
Taxation		**56**	54
Other creditors	1	**6**	6
		62	60
Net current assets		**833**	973
Net assets	2	**4,441**	4,579
Capital and reserves			
Share capital issued		**52**	55
Paid-in surplus		**2,309**	2,276
Shares held in treasury		**(635)**	(814)
Other reserves		**197**	195
Reserves		**2,518**	2,867
Shareholders' funds		**4,441**	4,579

Parent company reconciliation of shareholders' funds

	Share capital issued €m	Paid-in surplus (i) €m	Shares held in treasury €m	Other reserves (ii) €m	Reserves (iii) €m	Total €m
At 1 January 2013	54	2,189	(477)	193	2,989	4,948
Profit attributable to shareholders	–	–	–	–	199	199
Equity dividends paid	–	–	–	–	(321)	(321)
Repurchase of shares	–	–	(337)	–	–	(337)
Issue of shares, net of expenses	1	87	–	–	–	88
Equity instruments granted to employees of combined businesses	–	–	–	2	–	2
At 1 January 2014	**55**	**2,276**	**(814)**	**195**	**2,867**	**4,579**
Profit attributable to shareholders	**–**	**–**	**–**	**–**	**537**	**537**
Equity dividends paid	**–**	**–**	**–**	**–**	**(349)**	**(349)**
Repurchase of shares	**–**	**–**	**(361)**	**–**	**–**	**(361)**
Cancellation of shares	**(3)**	**–**	**540**	**–**	**(537)**	**–**
Issue of shares, net of expenses	**–**	**33**	**–**	**–**	**–**	**33**
Equity instruments granted to employees of combined businesses	**–**	**–**	**–**	**2**	**–**	**2**
At 31 December 2014	**52**	**2,309**	**(635)**	**197**	**2,518**	**4,441**

(i) Within paid–in surplus, an amount of €2,132m (2013: €2,099m) is free of tax.

(ii) Other reserves relate to equity instruments granted to employees of the combined businesses under share based remuneration arrangements. Other reserves do not form part of free reserves.

(iii) Free reserves of the company at 31 December 2014 were €4,192m (2013: €4,329m), comprising reserves and paid–in surplus less shares held in treasury.

Parent company accounting policies

Basis of preparation
The parent company financial statements have been prepared under the historical cost convention. As permitted by 2:362 subsection 1 of the Dutch Civil Code for companies with international operations, the parent company financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP). Unless otherwise stated the financial statements are in millions of euro.

The parent company financial statements and notes should be read in conjunction with the consolidated financial statements presented on pages 170 to 178.

The parent company financial statements are prepared on a going concern basis, as explained on page 169.

The Reed Elsevier NV accounting policies under UK GAAP are set out below.

Investments
Fixed asset investments are stated at cost, less provision, if appropriate, for any impairment in value. The fair value of the award of share options and conditional shares over Reed Elsevier NV ordinary shares to employees of the combined businesses are treated as a capital contribution.

Other assets and liabilities are stated at historical cost, less provision, if appropriate, for any impairment in value.

Shares held in treasury
The amount of consideration paid, including directly attributable costs, for shares repurchased is recognised as shares held in treasury and presented as a deduction from total equity. Details of share capital and shares held in treasury are set out in note 12 of the Reed Elsevier NV consolidated financial statements and note 26 of the combined financial statements.

Foreign exchange translation
Transactions entered into in foreign currencies are recorded at the exchange rates applicable at the time of the transaction.

Taxation
Deferred taxation is provided in full for timing differences using the liability method. Deferred tax assets are only recognised to the extent that they are considered recoverable in the short term. Deferred taxation balances are not discounted.

Notes to the parent company financial statements

1 Other creditors

Other creditors include €4m (2013: €5m) of RELX Group employee convertible debenture loans with a weighted average interest rate of 1.65% (2013: 1.95%). Depending on the conversion terms, the surrender of €200 par value debenture loans qualifies for 50 Reed Elsevier NV ordinary shares.

2 Reconciliations to consolidated financial statements

A reconciliation of the parent company profit attributable to ordinary shareholders prepared under UK GAAP and the consolidated profit attributable to ordinary shareholders prepared under IFRS and presented under the equity method is provided below:

YEAR ENDED 31 DECEMBER	2014 €m	2013 €m
Parent company profit attributable to shareholders	**537**	199
Share of results of joint ventures	**575**	642
Dividends received from joint ventures	**(520)**	(186)
Consolidated profit attributable to shareholders using the equity method	**592**	655

A reconciliation between the parent company shareholders' funds prepared under UK GAAP and the consolidated shareholders' funds prepared under IFRS and presented under the equity method is provided below:

AS AT 31 DECEMBER	2014 €m	2013 €m
Parent company shareholders' funds	**4,441**	4,579
Cumulative share of results of joint ventures less cumulative dividends received from joint ventures	**(1,916)**	(1,971)
Cumulative currency translation adjustments	**(160)**	(351)
Cumulative equalisation and other adjustments	**(131)**	41
Share of treasury shares held by joint ventures' employee benefit trust	**(76)**	(67)
Share of IFRS adjustments in joint ventures	**(602)**	(602)
Equity instruments granted to employees of combined businesses	**(197)**	(195)
Consolidated shareholders' funds using the equity method	**1,359**	1,434

3 Related party transactions

All transactions with joint ventures and RELX Group employees which are related parties of Reed Elsevier NV, are reflected in these financial statements. Principal joint ventures are set our in note 16 of the Reed Elsevier NV consolidated financial statements. Investments in joint ventures include equity instruments granted to Group employees of €2m (2013: €2m). Transactions with key management personnel including share based remuneration costs are set out in note 28 to the combined financial statements and details of the directors' remuneration are included in the Directors' Remuneration Report on pages 75 to 88.

4 Events after the balance sheet date

Effective 25 February 2015, Reed Elsevier NV transferred interest bearing receivables of €836m to Elsevier Reed Finance BV for consideration of 1 ordinary voting share. Subsequently, Reed Elsevier NV transferred its direct 61% ownership interest in Elsevier Reed Finance BV to its jointly-owned company Reed Elsevier Group plc, for consideration of 31,613 ordinary voting shares in Reed Elsevier Group plc and this newly combined single group entity was named RELX Group plc. Reed Elsevier NV has retained its 50% economic interest in the combined businesses, and no gains or losses were recorded on the transactions. Further details are provided on page 66.

5 Approval of financial statements

The consolidated financial statements were signed and authorised for issue by the Board of Directors on 25 February 2015.

A J Habgood
Chairman of the Board

N L Luff
Chief Financial Officer

Additional information (unaudited)

R shares
Reed Elsevier NV has two types of shares: ordinary shares of €0.07 nominal value and R shares of €0.70 nominal value. Each R share is convertible into 10 ordinary shares and is entitled to cast 10 votes. Otherwise it has the same rights as an ordinary share, except that Reed Elsevier NV may pay a lower dividend on it, but not less than 1% of the nominal value of an R share.

Profit allocation
The Articles of Association provide that distributions of dividend may only be made insofar as the company's equity exceeds the amount of the paid-in capital, increased by the reserves which must be kept by virtue of the law and may be made in cash or in shares, at the proposal of the Board. Distribution of dividends on ordinary shares and on the class R shares shall be made in proportion to the nominal value of each share. The Board may resolve that the dividend to be paid on each class R share shall be lower than the dividend to be paid on each ordinary share, resolving at the same time what amount of dividend shall be paid on each ordinary share and each class R share, respectively.

OVERVIEW OF PROFIT FOR THE YEAR AND DIVIDENDS PAID	**2014 €m**	2013 €m
Final dividend on ordinary shares for prior financial year	**249**	230
Interim dividend on ordinary shares for financial year	**100**	91
Dividend on R shares	**–**	–
Surplus/(deficit) for the year	**188**	(122)
Total	**537**	199

Independent auditor's report on financial statements

to the shareholders of Reed Elsevier NV

Opinion on our audit of the consolidated and parent company financial statements of Reed Elsevier NV ("the Company")

We have audited the accompanying 2014 financial statements of Reed Elsevier NV, based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of Reed Elsevier NV as at December 31, 2014 and of its results and its cash flows in the year 2014 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the parent company financial statements give a true and fair view of the financial position of Reed Elsevier N.V.as at December 31, 2014 and of its result for the year 2014 in accordance with United Kingdom Generally Accepted Accounting Practice and in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at December 31, 2014;
2. the following statements for 2014: consolidated income statements, consolidated statement of comprehensive income, consolidated statement of cashflows and consolidated statement of changes in equity; and
3. the related notes 1 to 18, including a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the parent company profit and loss account for the year 2014;
2. the parent company balance sheet as at December 31, 2014;
3. the parent reconciliation of shareholders' funds; and
4. notes comprising a summary of the significant accounting policies and other explanatory information and the related notes 1 to 5.

Basis for Our Opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the consolidated and parent company financial statements. We have communicated these key audit matters to the Audit Committees; the Audit Committees' consideration of these risks is set out on page 89. The key audit matters are not a comprehensive reflection of all matters discussed. Our audit procedures relating to these matters were addressed in the context of our audit of the consolidated and parent company financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these individual matters. Given the nature of the Reed Elsevier PLC and Reed Elsevier NV legal structure, the key audit matters, our assessed risks of material misstatement, application of materiality, overview of the scope of our group audit, and considerations regarding going concern for the combined business equally applies to the audit of the consolidated and parent company financial statements of Reed Elsevier NV. See page 132 for further details.

Responsibilities of Executive Directors and the Non-Executive Directors for the Financial Statements

Executive directors are responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the board in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, executive directors are responsible for such internal control as executive directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the presentation of the financial statements, executive directors are responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, executive directors should prepare the financial statements using the going concern basis of accounting unless executive directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. Executive directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern.

The non executive directors are responsible for overseeing the company's financial reporting process.

Our responsibility for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit included:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the non executive directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the non executive directors with a statement that we have complied with relevant ethical requirements regarding independence and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, including where applicable, related safeguards.

From the matters communicated with the non executive directors we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Report on Other Legal and Regulatory Requirements

Report of the Board and the Other Information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the report of the board and other data), we declare that:

- we have no deficiencies to report as a result of our examination whether the report of the board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required of Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- further we report that the report of the board report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the Audit Committee as auditor of RELX Group plc and as auditor of Reed Elsevier NV on 23 July 2014, for the audit of the financial year ended 31 December 2014 and have operated as statutory auditor since 1994.

Deloitte Accountants BV
M.J. van der Vegte
Amsterdam
The Netherlands
25 February 2015

5 year summary

		IAS19 (revised)[3]			As reported		
	Note	**2014 €m**	2013 €m	2012 €m	2012 €m	2011 €m	2010 €m
Combined financial information							
Revenue		**7,159**	7,121	7,523	7,523	6,902	7,084
Reported operating profit		**1,738**	1,624	1,639	1,670	1,386	1,275
Adjusted operating profit	1	**2,156**	2,064	2,076	2,107	1,870	1,819
Reported net profit attributable to shareholders		**1,184**	1,310	1,284	1,315	874	751
Adjusted net profit attributable to shareholders	1	**1,504**	1,413	1,379	1,400	1,219	1,150
Reed Elsevier NV consolidated financial information							
Reported net profit attributable to shareholders		**592**	655	642	658	437	376
Adjusted net profit attributable to shareholders		**752**	707	689	700	610	575
Reported earnings per ordinary share (€)		**€0.85**	€0.91	€0.87	€0.90	€0.59	€0.51
Adjusted earnings per ordinary share (€)		**€1.07**	€0.99	€0.94	€0.95	€0.83	€0.78
Dividend per ordinary share (€)	2	**€0.589**	€0.506	€0.467	€0.467	€0.436	€0.412

(1) Adjusted figures are presented as additional performance measures used by management and are stated before amortisation and impairment of acquired intangible assets and goodwill, the net financing cost on defined benefit pension schemes, exceptional restructuring (in 2010 only) and acquisition-related costs, exceptional prior year tax credits (in 2012 only), and in respect of attributable net profit, reflect a tax rate that excludes the effect of movements in deferred taxation assets and liabilities that are not expected to crystallise in the near term and includes the benefit of tax amortisation where available on acquired goodwill and intangible assets. Acquisition-related financing costs and profit and loss from disposal gains and losses and other non-operating items are also excluded from the adjusted figures.

(2) Dividend per ordinary share is based on the interim dividend and proposed final dividend for the relevant year.

(3) Comparative figures for 2012 have been restated following the adoption of IAS19 Employee Benefits (revised).

Other financial information

In this section

Additional information for US Investors

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Reed Elsevier combined businesses

Summary financial information in US dollars

Basis of preparation
The summary financial information is a simple translation of the combined financial statements into US dollars at the stated rates of exchange. The financial information provided below is prepared under IFRS as used in the preparation of the combined financial statements. It does not represent a restatement under US GAAP which would be different in some significant respects.

EXCHANGE RATES FOR TRANSLATION	Income statement		Statement of financial position	
	2014	2013	**2014**	2013
US dollars to sterling	**1.65**	1.56	**1.56**	1.66

Combined income statement

FOR THE YEAR ENDED 31 DECEMBER	**2014 US$m**	Restated 2013 US$m
Revenue	**9,525**	9,415
Operating profit	**2,313**	2,147
Profit before tax	**2,028**	1,866
Net profit attributable to parent companies' shareholders	**1,576**	1,732
Adjusted operating profit	**2,869**	2,728
Adjusted profit before tax	**2,627**	2,452
Adjusted net profit attributable to parent companies' shareholders	**2,001**	1,867

Combined statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER	**2014 US$m**	2013 US$m
Net cash from operating activities	**2,272**	2,162
Net cash used in investing activities	**(932)**	(493)
Net cash used in financing activities	**(1,106)**	(2,499)
Increase/(decrease) in cash and cash equivalents	**234**	(830)
Movement in cash and cash equivalents		
At start of year	**219**	1,038
Increase/(decrease) in cash and cash equivalents	**234**	(830)
Exchange translation differences	**(22)**	11
At end of year	**431**	219
Adjusted cash flow	**2,742**	2,657

Combined statement of financial position

AS AT 31 DECEMBER	**2014 US$m**	2013 US$m
Non-current assets	**14,276**	14,376
Current assets	**3,020**	3,011
Assets held for sale	**–**	35
Total assets	**17,296**	17,422
Current liabilities	**6,140**	6,395
Non-current liabilities	**7,819**	7,000
Liabilities associated with assets held for sale	**3**	5
Total liabilities	**13,962**	13,400
Net assets	**3,334**	4,022

Reed Elsevier PLC

Summary financial information in US dollars

Basis of preparation

The summary financial information is a simple translation of the Reed Elsevier PLC consolidated financial statements into US dollars at the stated rates of exchange. The financial information provided below is prepared under IFRS as used in the preparation of the Reed Elsevier PLC consolidated financial statements. It does not represent a restatement under US GAAP which would be different in some significant respects.

EXCHANGE RATES FOR TRANSLATION OF STERLING ($:£1)	**2014 US$:£**	2013 US$:£
Income statement	**1.65**	1.56
Statement of financial position	**1.56**	1.66

Consolidated income statement

FOR THE YEAR ENDED 31 DECEMBER	**2014 US$m**	2013 US$m
Profit attributable to ordinary shareholders	**809**	892
Adjusted profit attributable to 52.9% interest in Reed Elsevier combined businesses	**1,059**	987
Share of joint ventures':		
Amortisation of acquired intangible assets	**(244)**	(267)
Acquisition-related costs	**(18)**	(25)
Net financing charge on defined benefit pension schemes	**(10)**	(11)
Disposals and other non-operating items	**(13)**	(16)
Other deferred tax credits from intangible assets*	**59**	248
Profit attributable to 52.9% interest in Reed Elsevier combined businesses	**833**	916

* Movements on deferred tax liabilities arising on acquired intangible assets that do not qualify for tax amortisation and in 2013 non-recurring deferred tax credits arising on the alignment of certain business assets with their global management structure.

DATA PER AMERICAN DEPOSITARY SHARE (ADS)	**2014 US$**	2013 US$
Earnings per ADS based on 52.9% interest in Reed Elsevier combined businesses:		
Adjusted	**$3.72**	$3.37
Basic	**$2.84**	$3.05
Net dividend per ADS paid in the year	**$1.65**	$1.48
Net dividend per ADS paid and proposed in relation to the financial year	**$1.72**	$1.54

Consolidated statement of financial position

AS AT 31 DECEMBER	**2014 US$m**	2013 US$m
Shareholders' equity	**1,741**	2,098

Adjusted earnings per American Depositary Share (ADS) is based on Reed Elsevier PLC shareholders' 52.9% share of the adjusted profit attributable to the combined businesses, which excludes amortisation of acquired intangible assets, acquisition-related costs, disposal-related and other non-operating items, the net financing charge or credit on defined benefit pension scheme, and movements in deferred tax assets and liabilities that are not expected to crystallise in the near term and include the benefit of tax amortisation where available on acquired goodwill and intangible assets. Adjusted figures are additional performance measures used by management and are described in note 8 to the Reed Elsevier PLC consolidated financial statements.

Reed Elsevier PLC shares are quoted on the New York Stock Exchange and trading is in the form of American Depositary Shares (ADSs), evidenced by American Depositary Receipts (ADRs), representing four Reed Elsevier PLC ordinary shares. (CUSIP No. 758205207; trading symbol, RUK; Citibank NA is the ADR Depositary.)

Reed Elsevier NV

Summary financial information in US dollars

Basis of preparation

The summary financial information is a simple translation of the Reed Elsevier NV consolidated financial statements into US dollars at the stated rates of exchange. The financial information provided below is prepared under IFRS as used in the preparation of the Reed Elsevier NV consolidated financial statements. It does not represent a restatement under US GAAP which would be different in some significant respects.

EXCHANGE RATES FOR TRANSLATION OF EURO ($:€1)	2014 US$:€	2013 US$:€
Income statement	**1.33**	1.32
Statement of financial position	**1.21**	1.38

Consolidated income statement

FOR THE YEAR ENDED 31 DECEMBER	2014 US$m	2013 US$m
Adjusted profit attributable to shareholders	**1,000**	933
Share of joint ventures':		
Amortisation of acquired intangible assets	**(232)**	(253)
Acquisition-related costs	**(17)**	(24)
Net financing charge on defined benefit pension schemes	**(9)**	(10)
Disposals and other non-operating items	**(11)**	(15)
Other deferred tax credits from intangible assets*	**56**	234
Profit attributable to shareholders	**787**	865

* Movements on deferred tax liabilities arising on acquired intangible assets that do not qualify for tax amortisation and in 2013 non-recurring deferred tax credits arising on the alignment of certain business assets with their global management structure.

DATA PER AMERICAN DEPOSITARY SHARE (ADS)	2014 US$	2013 US$
Earnings per ADS based on 50% interest in Reed Elsevier combined businesses:		
Adjusted	**$2.85**	$2.61
Basic	**$2.26**	$2.40
Net dividend per ADS paid in the year	**$1.40**	$1.24
Net dividend per ADS paid and proposed in relation to the financial year	**$1.57**	$1.34

Consolidated statement of financial position

AS AT 31 DECEMBER	2014 US$m	2013 US$m
Shareholders' equity	**1,644**	1,979

Adjusted earnings per American Depositary Share is based on Reed Elsevier NV shareholders' 50% share of the adjusted profit attributable to the Reed Elsevier combined businesses, which excludes amortisation of acquired intangible assets, acquisition-related costs, disposal-related and other non-operating items, the net financing charge or credit on defined benefit pension schemes, and movements in deferred tax assets and liabilities that are not expected to crystallise in the near term and include the benefit of tax amortisation where available on acquired goodwill and intangible assets. Adjusted figures are additional performance measures used by management and are described in note 9 to the Reed Elsevier NV consolidated financial statements.

Reed Elsevier NV shares are quoted on the New York Stock Exchange and trading is in the form of American Depositary Shares (ADSs), evidenced by American Depositary Receipts (ADRs), representing two Reed Elsevier NV ordinary shares. (CUSIP No. 758204200; trading symbol, ENL; Citibank N. is the ADR Depositary.)

Shareholder information

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Shareholder information

Annual Reports and Financial Statements 2014
The Annual Reports and Financial Statements for the combined businesses, Reed Elsevier PLC and Reed Elsevier NV for the year ended 31 December 2014, and the Corporate Governance Statement of Reed Elsevier NV are available on the Group's website, and from the registered offices of the respective parent companies shown on page 194. Additional financial information, including the interim and full-year results announcements, Interim Management Statements and presentations is also available on the Group's website, www.relxgroup.com.

The combined financial statements set out in the Annual Reports and Financial Statements are expressed in sterling, with summary combined financial information expressed in euros. The financial statements of Reed Elsevier PLC and Reed Elsevier NV are expressed in sterling and euros respectively.

Interim results
Reed Elsevier PLC and Reed Elsevier NV no longer publish interim results in hard copy. The interim results are available on the Group's website, www.relxgroup.com.

Share price information
Reed Elsevier PLC's ordinary shares are quoted on the London Stock Exchange.

Reed Elsevier NV's ordinary shares are quoted on the Euronext Amsterdam Stock Exchange.

The Reed Elsevier PLC and Reed Elsevier NV ordinary shares are quoted on the New York Stock Exchange in the form of American Depositary Shares (ADSs), evidenced by American Depositary Receipts (ADRs). Each Reed Elsevier PLC ADR represents four Reed Elsevier PLC ordinary shares. Each Reed Elsevier NV ADR represents two Reed Elsevier NV ordinary shares.

The Reed Elsevier PLC and Reed Elsevier NV ordinary share prices and the ADR prices may be obtained from the Group's website, other online sources and the financial pages of some newspapers.

FOR FURTHER INFORMATION VISIT **WWW.RELXGROUP.COM**

Information for Reed Elsevier PLC ordinary shareholders

Shareholder services
The Reed Elsevier PLC ordinary share register is administered by Equiniti Limited. Equiniti provides a free online portal for shareholders at www.shareview.co.uk. Shareview allows shareholders to monitor the value of their shareholdings, view their dividend payments and submit dividend mandate instructions. Shareholders can also submit their proxy voting instructions ahead of company meetings, as well as update their personal contact details. Shareview Dealing provides a share purchase and sale facility. Equiniti's contact details appear on page 194.

Electronic communications
While hard copy shareholder communications continue to be available to those shareholders requesting them, in accordance with the Companies Act 2006 and the Company's articles of association, Reed Elsevier PLC uses the Group's website as the main method of communicating with shareholders. By registering their details online at Shareview, shareholders can be notified by email when shareholder communications are published on the Group's website. Shareholders can also use the Shareview website to appoint a proxy to vote on their behalf at shareholder meetings.

Shareholders who hold their Reed Elsevier PLC shares through CREST may appoint proxies for shareholder meetings through the CREST electronic proxy appointment service by using the procedures described in the CREST manual.

Dividend mandates
Shareholders are encouraged to have their dividends paid directly into a UK bank or building society account. This method of payment reduces the risk of delay or loss of dividend cheques in the post and ensures the account is credited on the dividend payment date. A dividend mandate form can be obtained online at www.shareview.co.uk, or by contacting Equiniti at the address shown on page 194.

Equiniti has established a service for overseas shareholders in over 90 countries, which enables shareholders to have their dividends automatically converted from sterling and paid directly into their nominated bank account. Further details of this service, and the fees applicable, are available at www.shareview.co.uk or by contacting Equiniti at the address shown on page 194.

Dividend Reinvestment Plan
Shareholders can choose to reinvest their Reed Elsevier PLC dividends by purchasing further shares through the Dividend Reinvestment Plan (DRIP) provided by Equiniti. Further information concerning the DRIP facility, together with the terms and conditions and an application form can be obtained online at www.shareview.co.uk/dividends or by contacting Equiniti at the address shown on page 194.

Share dealing service
A telephone and internet dealing service is available through Reed Elsevier PLC's Registrar, Equiniti, which provides a simple way for UK-resident shareholders to buy or sell Reed Elsevier PLC shares. For telephone dealing call 08456 037037 between 8.00am and 4.30pm, Monday to Friday, and for internet dealing log on to www.shareview.co.uk/dealing. You will need your shareholder account number shown on your dividend tax voucher.

Individual savings account
A single company ISA for Reed Elsevier PLC shares is available through Equiniti. Details may be obtained from www.shareview.co.uk/ISA, by writing to Equiniti at the address shown on page 194, or by calling their ISA helpline on 0871 384 2244.

ShareGift
The Orr Mackintosh Foundation operates a charity share donation scheme for shareholders with small parcels of shares whose value makes it uneconomic to sell them. Details of the scheme can be obtained from the ShareGift website at www.sharegift.org, or by telephoning ShareGift on 020 7930 3737.

Sub-division of ordinary shares and share consolidation
On 28 July 1986, each Reed Elsevier PLC ordinary share of £1 nominal value was sub-divided into four ordinary shares of 25p each. On 2 May 1997, each 25p ordinary share was sub-divided into two ordinary shares of 12.5p each. On 7 January 2008, the ordinary shares of 12.5p each were consolidated on the basis of 58 new ordinary shares of $14^{51}/_{116}$p nominal value for every 67 ordinary shares of 12.5p each held.

Capital gains tax
The mid-market price of Reed Elsevier PLC's £1 ordinary shares on 31 March 1982 was 282p. Adjusting for the sub-divisions and share consolidation referred to above results in an equivalent mid-market price of 40.72p for each existing ordinary share of $14^{51}/_{116}$p nominal value.

Warning to shareholders – unsolicited investment advice

- From time to time shareholders may receive unsolicited calls from fraudsters.
- Fraudsters use persuasive and high-pressure tactics to lure investors into scams, sometimes known as boiler room scams.
- They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.
- While high profits are promised, if you buy or sell shares in this way you will probably lose your money.
- 5,000 people contact the Financial Conduct Authority about share fraud each year, with victims losing an average of £20,000.

How to avoid share fraud and boiler room scans
The Financial Conduct Authority (FCA) has issued some guidance on how to recognise and avoid investment fraud:

- Legitimate firms authorised by the FCA are unlikely to contact you unexpectedly with an offer to buy or sell shares.
- If you receive an unsolicited phone call, do not get into a conversation, note the name of the person and firm contacting you and then end the call.
- Check the Financial Services Register available at www.fca.org.uk to see if the person and firm contacting you is authorised by the FCA. If you wish to call the person or firm back, only use the contact details listed on the Register.
- Call the FCA on 0800 111 6768 if the firm does not have any contact details on the Register, or if you are told that they are out of date.
- Search the list of unauthorised firms to avoid at www.fca.org.uk/scams.
- If you do buy or sell shares through an unauthorised firm, you will not have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme.
- Consider obtaining independent financial and professional advice before you hand over any money. If it sounds too good to be true it probably is.

How to report a scam
If you are approached by fraudsters, please tell the FCA using the share fraud reporting form at www.fca.org.uk/scams, where you can find out more about investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768.

If you have already paid money to share fraudsters, you should contact Action Fraud on 0300 123 2040.

Shareholder information and contacts

Information for Reed Elsevier NV ordinary shareholders

Shareholder enquiries
Enquiries from holders of Reed Elsevier NV registered ordinary shares in relation to share transfers, dividends, change of address and bank accounts should be directed to the Company Secretary of Reed Elsevier NV, at the registered office address shown below.

Dividends
Dividends on Reed Elsevier NV ordinary shares are declared and paid in euros. Registered shareholders in Reed Elsevier NV will receive dividends from the company by transmission to the bank account which they have notified to the company. Dividends on shares in bearer form are paid through the intermediary of a bank or broker.

Dividend Reinvestment Plan
By instructing their bank or intermediary, shareholders can choose to reinvest their Reed Elsevier NV dividends by purchasing further shares through the Dividend Reinvestment Plan (DRIP) provided by ABN AMRO Bank NV. Further information concerning the DRIP facility can be obtained online at www.securitiesinfo.com.

Consolidation of ordinary shares
On 7 January 2008, the Reed Elsevier NV ordinary share of €0.06 each were consolidated on the basis of 58 new ordinary shares of €0.07 each for every 67 ordinary shares of €0.06 each held.

Information for Reed Elsevier PLC and Reed Elsevier NV ADR holders

The Reed Elsevier PLC and Reed Elsevier NV ADR Depositary is Citibank NA

Reed Elsevier PLC's CUSIP number is 758205207 and its trading symbol is RUK. Each Reed Elsevier PLC ADR represents four Reed Elsevier PLC ordinary shares.

Reed Elsevier NV's CUSIP number is 758204200 and its trading symbol is ENL. Each Reed Elsevier NV ADR represents two Reed Elsevier NV ordinary shares.

ADR shareholder services
Enquiries concerning Reed Elsevier PLC or Reed Elsevier NV ADRs should be addressed to the ADR Depositary at the address shown below.

Dividends
Dividend payments on Reed Elsevier PLC and Reed Elsevier NV ADRs are converted into US dollars by the ADR Depositary.

Annual Report on Form 20-F
The Annual Report on Form 20-F for the Reed Elsevier combined businesses, Reed Elsevier PLC and Reed Elsevier NV is filed electronically with the United States Securities and Exchange Commission. A copy of the Form 20-F is available on the Group's website, or from the ADR Depositary at the address shown below.

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USA

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Tel: +1 877 248 4327
+1 781 575 4555 (callers outside the US)

2015 financial calendar

26 February	**PLC/NV**	Results announcement for the year ended 31 December 2014
22 April	**PLC/NV**	Interim management statement issued in relation to the 2015 financial year
22 April	**NV**	Annual General Meeting – Reed Elsevier NV, World Trade Center, Strawinskylaan 77, 1077 XW Amsterdam
23 April	**PLC**	Annual General Meeting – Reed Elsevier PLC, Millennium Hotel, Grosvenor Square, London W1K 2HP
29 April	**PLC**	Ex-dividend date – 2014 final dividend, Reed Elsevier PLC ADRs
30 April	**PLC/NV**	Ex-dividend date – 2014 final dividend, Reed Elsevier PLC ordinary shares and Reed Elsevier NV ordinary shares and ADRs
1 May	**PLC**	Record date – 2014 final dividend, Reed Elsevier PLC ordinary shares and ADRs
4 May	**NV**	Record date – 2014 final dividend, Reed Elsevier NV ordinary shares and ADRs
22 May	**PLC/NV**	Payment date – 2014 final dividend, Reed Elsevier PLC and Reed Elsevier NV ordinary shares
28 May	**PLC/NV**	Payment date – 2014 final dividend, Reed Elsevier PLC and Reed Elsevier NV ADRs
23 July	**PLC/NV**	Interim results announcement for the six months to 30 June 2015
5 August	**PLC/NV**	Ex-dividend date – 2015 interim dividend, Reed Elsevier PLC and Reed Elsevier NV ADRs
6 August	**PLC/NV**	Ex-dividend date – 2015 interim dividend, Reed Elsevier PLC and Reed Elsevier NV ordinary shares
7 August	**PLC/NV**	Record date – 2015 interim dividend, Reed Elsevier PLC and Reed Elsevier NV ADRs
28 August	**PLC/NV**	Payment date – 2015 interim dividend, Reed Elsevier PLC and Reed Elsevier NV ordinary shares
2 September	**PLC/NV**	Payment date – 2015 interim dividend, Reed Elsevier PLC and Reed Elsevier NV ADRs

The following tables set out dividends paid (or proposed) in relation to the three financial years 2012–2014.

ORDINARY SHARES	pence per PLC ordinary share	€ per NV ordinary share	Payment date
Final dividend for 2014*	19.00	0.438	22 May 2015
Interim dividend for 2014	7.00	0.151	28 August 2014
Final dividend for 2013	17.95	0.374	23 May 2014
Interim dividend for 2013	6.65	0.132	29 August 2013
Final dividend for 2012	17.00	0.337	23 May 2013
Interim dividend for 2012	6.00	0.130	31 August 2012

* Proposed dividend, to be submitted for approval at the respective Annual General Meetings of Reed Elsevier PLC and Reed Elsevier NV in April 2015.

ADRs	$ per PLC ADR	$ per NV ADR	Payment date
Final dividend for 2014	**	**	28 May 2015
Interim dividend for 2014	0.46398	0.39752	4 September 2014
Final dividend for 2013	1.20918	1.01892	30 May 2014
Interim dividend for 2013	0.412	0.34948	5 September 2013
Final dividend for 2012	1.02578	0.86555	30 May 2013
Interim dividend for 2012	0.37898	0.32515	7 September 2012

** Payment will be determined using the appropriate £/US$ and €/US$ exchange rate on 22 May 2015.

Note: The dividend rates shown for Reed Elsevier NV ordinary shares and ADRs are gross dividend rates before the deduction of Dutch withholding tax.

Principal operating locations

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FOR FURTHER INFORMATION OR CONTACT DETAILS, PLEASE CONSULT OUR WEBSITE: **WWW.RELXGROUP.COM**

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Credits

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