Bloomsbury Publishing Plc

ANNUAL REPORT & ACCOUNTS 2018

Introduction

Bloomsbury Publishing is a medium-sized independent global publisher listed on the London Stock Exchange with offices in London, Oxford, New York, Sydney and New Delhi. Over its 32-year history, Bloomsbury's mission has been to publish works of excellence and originality. Bloomsbury has built up an extremely valuable portfolio of content and rights-based intellectual property assets.

Contents

Visit us online at:
www.bloomsbury.com/uk
www.bloomsbury-ir.co.uk

Revenue
£m

+13%

£161.5m

2018	161.5
2017	142.6
2016	123.7
2015	111.1
2014	109.5

Dividend
pence per share

+12%

7.51p

2018	7.51
2017	6.70
2016	6.40
2015	6.10
2014	5.82

Adjusted profit[1]
£m

+10%

£13.2m

2018	13.2
2017	12.0
2016	13.0
2015	12.1
2014	12.0

Profit before tax
£m

+23%

£11.6m

2018	11.6
2017	9.4
2016	10.4
2015	9.6
2014	9.5

Adjusted diluted EPS[2]
pence per share

+10%

13.92p

2018	13.92
2017	12.63
2016	15.24
2015	14.73
2014	12.80

Diluted EPS
pence per share

+23%

12.06p

2018	12.06
2017	9.81
2016	12.93
2015	11.90
2014	10.43

Notes:

1. Adjusted profit is profit before taxation, amortisation of acquired intangible assets and other highlighted items. 2014 has been restated to add back internally generated intangible asset amortisation to adjusted profit.
2. Adjusted diluted EPS is calculated from adjusted profit with taxation on adjusted profit deducted. Again 2014 has been restated to reflect the change in treatment of internally generated intangible asset amortisation.

Highlights

Financial Highlights

- Total **revenues grew by 13%** to £161.5 million (2017: £142.6 million). Revenues from overseas customers grew by 16% to £101.2 million, and are now 63% of total revenues
- **Profit** before taxation and highlighted items* **grew by 10%** to £13.2 million (2017: £12.0 million), above market expectations
- Proposed final dividend of 6.36 pence per share, making a **total dividend of 7.51 pence** per share for the year, **up 12%** (2017: 6.7 pence per share)
- Diluted **earnings per share**, excluding highlighted items*, **grew by 10%** to 13.92 pence (2017: 12.63 pence)
- **Strong cash conversion of 161%** (2017: 180%), with net cash of £25.4 million at 28 February 2018 (2017: £15.5 million)
- Strong autumn book list and **acquisition of I. B. Tauris & Co. Ltd** ("IBT") will mean performance for 2018/19 will be well ahead of our previous expectations
- **Profit** before taxation **grew by 23%** to £11.6 million (2017: £9.4 million)
- Diluted **earnings per share grew by 23%** to 12.06 pence (2017: 9.81 pence)

Operational Highlights

Consumer division

- The Consumer division had an exceptional year, due primarily to a strong Children's and Cookery performance. **Revenue increased 20%** to £102.2 million (2017: £85.4 million) and operating profit before highlighted items increased by 21% to £11.4 million (2017: £9.4 million**)
- **Strong list for the year ahead** includes *A Court of Frost and Starlight* by Sarah J. Maas, a major new cookery title from Tom Kerridge, the illustrated version of *The Tales of Beedle the Bard* by J.K. Rowling and the film tie-in edition of *The Guernsey Literary and Potato Peel Pie Society*
- Children's
  - **Revenue** for the year **increased by 24%** to £69.2 million (2017: £55.9 million)
  - **Sales of the Harry Potter** series in the year **grew by 31%**, including *Harry Potter and the Prisoner of Azkaban* Illustrated Edition
  - **Strong sales of Sarah J. Maas** titles included *A Court of Wings and Ruin*
- Adult
  - **Revenue increased by 12%** year on year to £33.1 million (2017: £29.5 million)
  - **Highlights include Tom Kerridge's Lose Weight for Good**

Non-Consumer division

- The Non-Consumer division **grew revenues by 4%** to £59.3 million (2017: £57.2 million) and operating profit before highlighted items was £1.7 million (2017: £2.6 million**) including £1.2 million net more investment in *Bloomsbury 2020*, a foreign exchange charge that was £0.7 million higher year on year and a strong rights performance in the prior year
- *Bloomsbury 2020* strategy to leverage our academic and professional assets into the academic library market, is delivering well with **digital resource revenues up 20%** to £4.7 million. Five major new digital resources were launched in the year, ahead of plan. On track to deliver targeted £5 million of profit and £15 million revenue in 2022
- Acquisition of IBT in April 2018 for £5.8 million. Its quality academic IP will enhance our digital resources

Bigger Bloomsbury

As Bloomsbury continues to focus on quality revenues and building upon the strong momentum achieved last year, we have a number of **key growth initiatives** that, together with our acquisition of IBT, the Board expects will lead to our performance for 2020 onwards being well ahead of our previous expectations. The main initiatives are:

1. Growing the profits of the Adult division;
2. Growing the profits of the Academic & Professional division;
3. Reducing our finished goods stock further by continuing to roll out globally efficiencies already made in the UK business;
4. Increasing the focus on Bloomsbury's nine biggest assets, starting with Harry Potter, Sarah J. Maas, Tom Kerridge and the lead title in each division from both the US and UK editorial lists to boost frontlist and backlist performance;
5. Maximising the success of Bloomsbury Digital Resources;
6. Accelerating the growth of Bloomsbury's sales in the USA, Australia and India; and
7. Developing Bloomsbury China: China Global Publishing – publishing books, in English, as a publishing partner in the West for major Chinese publishers, following signing of Memorandum of Understanding in May 2018.

Notes:

* Highlighted items comprise amortisation of acquired intangible assets and in the prior year other one-off significant non-cash charges and major one-off initiatives including legal and other professional costs relating to acquisitions and restructuring costs.

** Prior year divisional profits are amended to reflect a change in the allocation of central costs in order to provide a better understanding of underlying results. Group results are unaffected.

Chairman’s Statement

Sir Richard Lambert

I am pleased to report on my first full year results as Chairman of Bloomsbury Publishing. The trading performance for the year to 28 February 2018 has been outstanding for the Group, ahead of market expectations, which was reflected by the need for our positive trading update statement made on 19 March 2018.

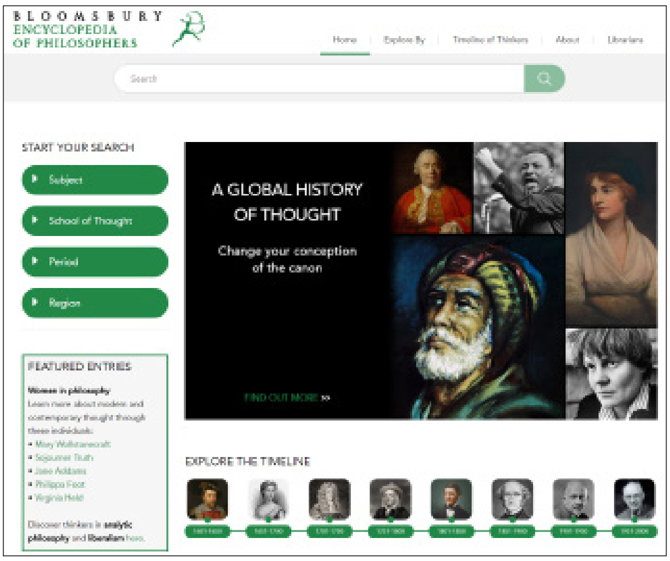
Group revenue is up 13% and profit before taxation and highlighted items is £13.2 million (2017: £12.0 million). The Board is recommending a final dividend of 6.36 pence per share to Shareholders on the register on 27 July 2018. This represents an increase in full year dividend of 12% and continues Bloomsbury’s progressive dividend growth for the 23rd year in a row. The Strategic Report that follows includes the Chief Executive’s Review that provides more detail on the Group’s performance for the year.

Bloomsbury’s excellent results are underpinned by its high-quality stable of authors, and the strong execution in publishing them, continuing the original objective on founding in 1986 to be a medium–sized independent publisher of works of the highest literary and commercial quality. The year saw George Saunders named winner of the 2017 Man Booker Prize for Fiction for *Lincoln in the Bardo* and *Home Fire* by Kamila Shamsie went on to win the Women’s Prize for Fiction (formerly the Baileys and the Orange prize) in June. It was also the 20th anniversary of the publication of *Harry Potter and the Philosopher’s Stone*. Over the coming years, the *Bloomsbury 2020* strategy will expand the publishing mission by increasing the Group’s portfolio of high-quality digital resources for academic libraries and for professionals.

I am happy to welcome Penny Scott-Bayfield who will be joining the Board as Group Finance Director on 16 July 2018. Penny will join us from Conde Nast where she is Finance Director for Britain. Penny succeeds Wendy Pallot who will step down from the Board on that day and leave following the Company’s AGM on 18 July 2018. After ten years on the Board, Richard Charkin stands down from his executive responsibilities at the end of May 2018 and will continue to support Bloomsbury as a consultant on a number of important strategic projects. The full Board thanks Wendy and Richard for their tremendous contributions to Bloomsbury. Our Independent Non-Executive Director Steven Hall will join the Remuneration Committee following the Company’s AGM.

The transition to a more digital world is transforming how content is produced, sold, delivered and consumed. This creates exciting new opportunities for digital services, which Bloomsbury is exploiting. A constant is the quest to publish works of excellence and originality, which is at the core of Bloomsbury’s mission. The capacity of Bloomsbury to evolve with its markets, and expand into new ones, together with the depth of talent across the Group, give me confidence in Bloomsbury’s future.

Sir Richard Lambert
Non-Executive Chairman



Encyclopedia of Philosophers is one of the growing portfolio of Bloomsbury’s digital services.

Chief Executive's Review

Nigel Newton

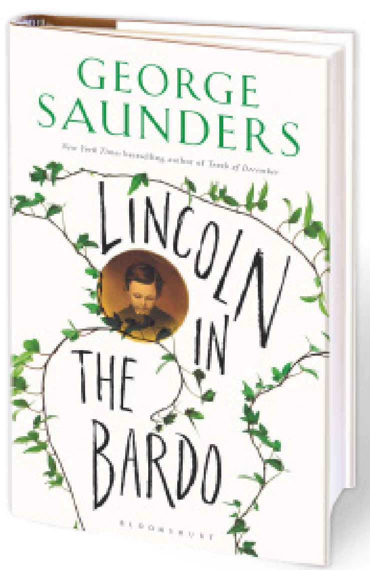
Nigel Newton
Chief Executive

"I am delighted with the performance of our business over the last twelve months. It has been a great year that has put Bloomsbury in a very strong and exciting position."

The year ended 28 February 2018 was an exceptional year for Bloomsbury Publishing. The Consumer and Non-Consumer divisions both grew revenues, resulting in total Group revenues being 13% ahead of last year at £161.5 million (2017: £142.6 million). This growth came particularly from Children's and Cookery titles. Group profit before tax and highlighted items increased 10% to £13.2 million (2017: £12.0 million). In 2016 we announced the *Bloomsbury 2020* strategy to leverage our academic and professional IP assets into the academic library market, growing more high-quality digital subscription income. This strategy is delivering well, with a 20% increase year on year in digital resource revenues to £4.7 million. We launched five major new digital resources in the year and four new modules attached to existing resources, ahead of plan. Group profit includes £1.2 million of net investment in *Bloomsbury 2020* (2017: Nil).

We are focused on making the best use of our capital and to this end, as well as investing in our digital resources, in April 2018 we acquired the academic publisher I. B. Tauris & Co. Ltd ("IBT") for £5.8 million. Additionally, with Bloomsbury's strong balance sheet, we have been able to recommend a 14% increase in final dividend.

Due to the strong trading in the year, the Group was able to make a management bonus provision of £2.3 million (2017: £1.0 million). The highlighted item of £1.6 million was the amortisation of acquired intangible assets. The effective rate of tax for the year, excluding highlighted items, was unchanged at 22%. Diluted earnings per share, excluding highlighted items, grew 10% to 13.92 pence (2017: 12.63 pence). Including highlighted items, profit before tax was £11.6 million (2017: £9.4 million) and diluted earnings per share was 12.06 pence (2017: 9.81 pence).

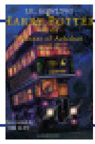


Winner of the Man Booker Prize 2017

Bestsellers 2018

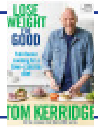
Global (print and e-book)

1. **Harry Potter and the Prisoner of Azkaban**
   J. K. Rowling illustrated by Jim Kay

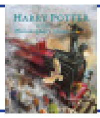


2. **Harry Potter Box Set: Complete Collection**
   J. K. Rowling

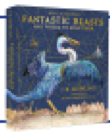
3. **Lose Weight for Good**
   Tom Kerridge



4. **Harry Potter and the Philosopher's Stone**
   J. K. Rowling illustrated by Jim Kay



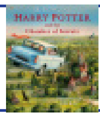
5. **Fantastic Beasts and Where to Find Them**
   J. K. Rowling illustrated by Jim Kay



6. **A Court of Wings and Ruin**
   Sarah J. Maas

7. **Tower of Dawn**
   Sarah J. Maas

8. **Harry Potter and the Chamber of Secrets**
   J. K. Rowling illustrated by Jim Kay



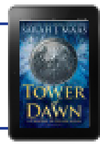
9. **Harry Potter - A History of Magic: The Book of the Exhibition**
   British Library

10. **Harry Potter and the Philosopher's Stone: Gryffindor Edition**
    J. K. Rowling

Global (e-book)

1. **A Court of Wings and Ruin**
   Sarah J. Maas

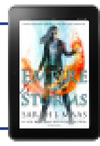
2. **Tower of Dawn**
   Sarah J. Maas



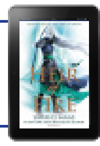
3. **Throne of Glass**
   Sarah J. Maas

4. **A Court of Mist and Fury**
   Sarah J. Maas

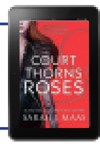
5. **Empire of Storms**
   Sarah J. Maas



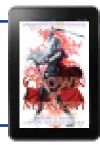
6. **Heir of Fire**
   Sarah J. Maas



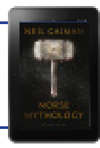
7. **A Court of Thorns and Roses**
   Sarah J. Maas



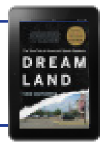
8. **Crown of Midnight**
   Sarah J. Maas



9. **Norse Mythology**
   Neil Gaiman



10. **Dreamland**
    Sam Quinones



Notes:

Rank is based on revenue.

Chief Executive's Review

Strategy

Our strategy is to leverage new and existing title rights to publish authors and works of excellence and originality, combining tradition and technology, and establishing solid profit streams. Our main objectives are to:

1. Grow our Non-Consumer revenues so that they match or exceed our Consumer revenues.

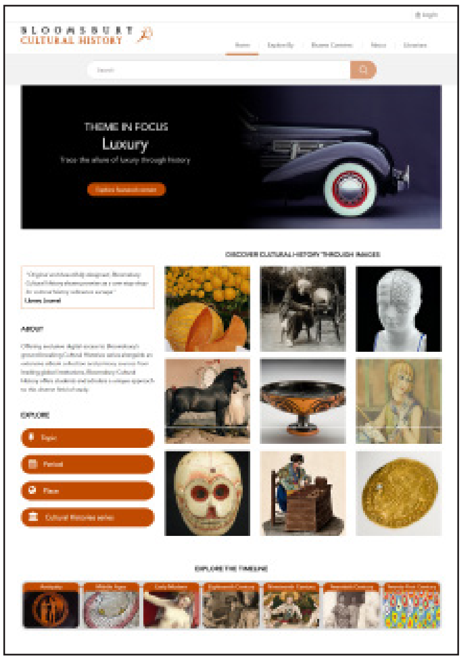
Non-Consumer revenues have higher margins, are a more predictable revenue stream, are less reliant on the high street customers and have greater digital opportunities. Non-Consumer revenues grew by 4%, although they have reduced from 40% of total revenues to 37% as a result of the exceptional growth in Consumer revenues in the year. The digital resources strategy leverages both existing and new IP and is on track to deliver the £5 million of profit and £15 million of revenue in 2022 to which we committed. Net investment in digital resources in the 2018 income statement was £1.2 million, less than previously guided, and was the year of maximum incremental investment in this strategy. The newly acquired IBT provides more quality academic IP to enhance our digital resources. IBT is expected to contribute £3.5 million of revenue and about £0.3 million of profits in our ten months of ownership in 2018/19 (before highlighted acquisition and reorganisation costs). There will be significant synergies gained from integrating this business into Bloomsbury.

2. Expand internationally in English language markets to reduce the Group's reliance on the UK market.

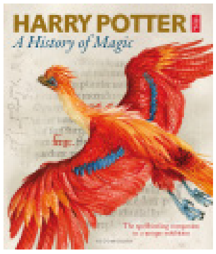
The global English language market is growing each year as more people learn English as the world's medium of communication. Academic titles usually have global appeal, so our strategy to grow Non-Consumer revenues should increase overseas income. Overseas revenues by destination grew by 16% to £101.2 million and are now 63% of total Group revenues (2017: 61%). This is a key strength.

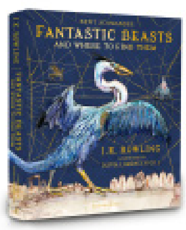
3. Continue to attract, spot and retain high-quality talent in our Consumer division, and remain the home of some of the world's best loved and most exciting authors.

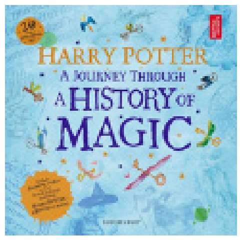
While we recognise the importance of growing reliable Non-Consumer revenues, we will always strive to discover, nurture and champion brilliant Consumer talent. The division had a particularly strong year growing revenues across all territories, and a core part of our strategy will always focus on finding excellent works and looking at new ways to leverage existing title rights.

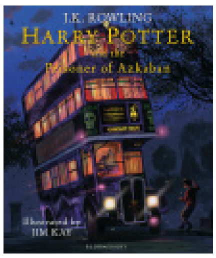


We launched five new digital resources during the year





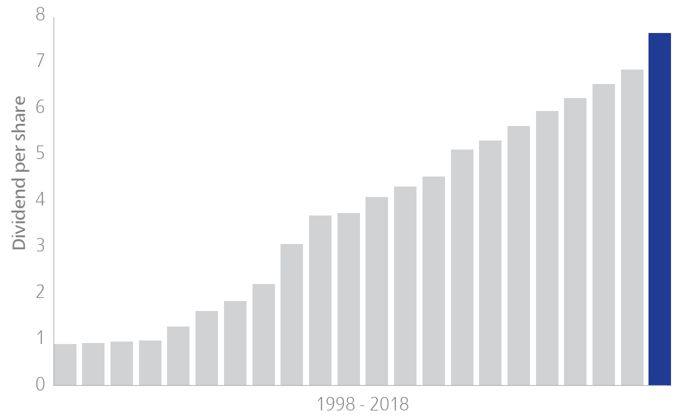


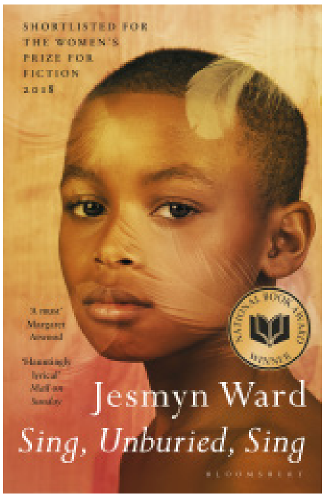


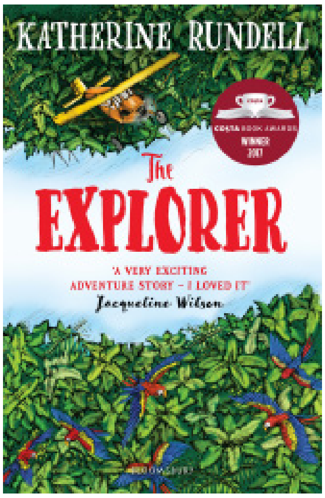
New for the Harry Potter series are a 20th anniversary special edition of *Harry Potter and the Philosopher's Stone*, the illustrated *Harry Potter and the Prisoner of Azkaban* and *Fantastic Beasts and Where to Find Them* and two tie-in titles for the British Library Harry Potter exhibition

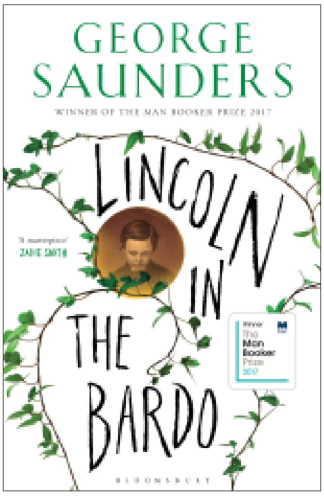
Developing Bloomsbury China is an initiative publishing the greatest Chinese books translated for the international English language markets

Total dividend per share









Our excellent authors won the most important literary awards

Cash

Cash generation was strong with cash at year end of £25.4 million (2017: £15.5 million) and cash conversion of 161% (2017: 180%). Our focus on working capital continues – inventories have reduced by 5% or £1.3 million year on year, on a like-for-like basis, despite the significant increase in revenues. We are working to achieve a 5% reduction in inventory, using constant currencies, in 2019, excluding additions from acquisitions. Our strategic priority for cash is organic investment to grow and enhance our existing business. Including £1.7 million of capital expenditure, during the year we invested a total of £2.9 million of cash in the Bloomsbury digital resources strategy. The £5.8 million consideration for the acquisition of IBT was paid after the year end. £5.0 million was paid in cash in April and May 2018 and the balance will be paid subject to working capital and other adjustments over a period of up to two years. We continue to assess potential acquisitions actively.

Dividend

The Group has a progressive dividend policy while aiming to keep dividend earnings cover in excess of two. Investment in Bloomsbury Digital Resources is leading to earnings cover falling slightly below that level in the short-term, but the dividend is underpinned by strong cash cover. The Board has committed during this period of investment to maintain its progressive dividend policy on the basis that earnings cover will improve as the return on our investment accrues. The Directors are recommending a final dividend of 6.36 pence per share, which subject to Shareholder approval at our AGM on 18 July 2018, will be paid on 24 August 2018 to Shareholders on the register at the close of business on 27 July 2018. Together with the interim dividend, this makes a total dividend for the year ended 28 February 2018 of 7.51 pence per share, a 12% increase on the 6.7 pence dividend for the year ended 28 February 2017. The proposed increase in final dividend this year is higher than in previous years and moves the total dividend to a higher base, reflecting the Board's confidence in the success of its strategy, and in particular the growth in Digital Resource profits. Including the proposed 2017/18 dividend, over the past 13 years the dividend has increased at a compound annual growth rate of 7.3%. We have also permanently brought forward the payment date for our final dividends by about a month compared to our historic timetable.

Consumer Division

The Consumer division, which consists of Adult and Children's trade publishing, has had an exceptional year with revenue for the division growing by 20% to £102.2 million (2017: £85.4 million). Operating profit before highlighted items increased by 21% to £11.4 million (2017: £9.4 million). There was good revenue growth in all territories: 29% in Australia, 23% in the US, 43% in India and 28% in the UK (all at constant currencies). Our excellent authors won the most important literary awards, notably the Man Booker Prize with *Lincoln in the Bardo* by George Saunders, the National Book Award with *Sing, Unburied, Sing* by Jesmyn Ward and the Costa Children's Book Award for *The Explorer* by Kate Rundell.

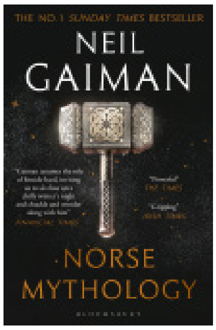
Chief Executive’s Review

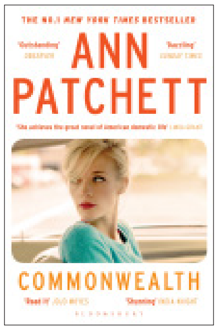
The adult trade team achieved 12% growth in Adult revenues to £33.1 million, with particular success in Cookery sales. Tom Kerridge’s *Lose Weight for Good* was an extraordinary seller. It reached overall number one on UK Nielsen Bookscan for four weeks. The book sold the most copies in a week in January since Nielsen Bookscan records began. George Saunders’ *Lincoln in the Bardo* achieved a total of 28 recommendations as Book of the Year, including by the *Sunday Times*. *Norse Mythology* by Neil Gaiman has been in the *Sunday Times* paperback Fiction chart since its publication in February. *Commonwealth* by Ann Patchett was the bestselling paperback in the division in the year. It won International Book of the Year at the Australian Book Industry Awards. Our crime and thriller imprint Raven Books was launched in 2017 and now has five published titles; it opens a new fiction market to Bloomsbury. Our flagship debut novel *The Silent Companions* by Laura Purcell is selling well.

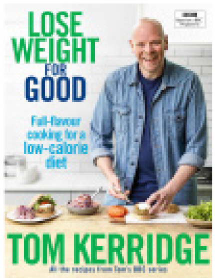
Children’s sales growth of 24% to £69.2 million included a 31% growth in Harry Potter revenues. On 26 June 2017 we celebrated the 20th anniversary of *Harry Potter and the Philosopher’s Stone* by publishing special editions of *Harry Potter and the Philosopher’s Stone*, the illustrated *Harry Potter and the Prisoner of Azkaban* and *Fantastic Beasts and Where to Find Them*, and two titles to tie in with the stunning British Library Harry Potter exhibition. The standard edition of *Harry Potter and the Philosopher’s Stone* was the number ten bestselling children’s book of the year on UK Nielsen Bookscan, 20 years after it was first published – every year these classics reach a new generation of readers.

Excluding Harry Potter, Children’s sales grew by 14% year on year. Sarah J. Maas sales continue to grow with the original *Throne of Glass* selling over one million copies worldwide during 2017. She was number one on the *New York Times* bestseller list and the UK Nielsen Bookscan chart with the publication during the year of *A Court of Wings and Ruin*, the third book in this series. Other highlights on the Children’s list included the bestselling children’s fiction debut of 2017 on the UK Nielsen Bookscan – *Kid Normal* by Greg James and Chris Smith. Kate Pankhurst’s *Fantastically Great Women Who Changed the World* was the bestselling children’s general non-fiction title of 2017 on UK Nielsen Bookscan.

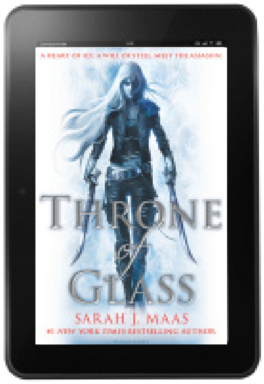
As a testament to our strength in this area, Bloomsbury won Children’s Publisher of the Year at the British Book Awards in May.



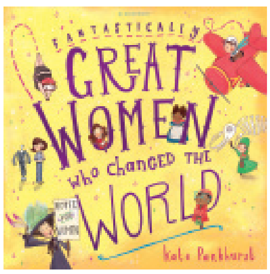


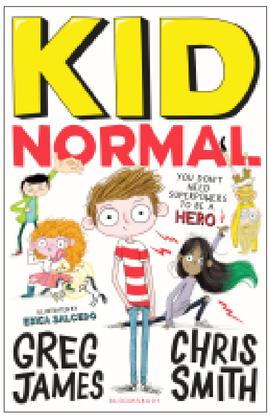


The Adult division had various bestselling titles and launched the crime and thriller imprint Raven Books

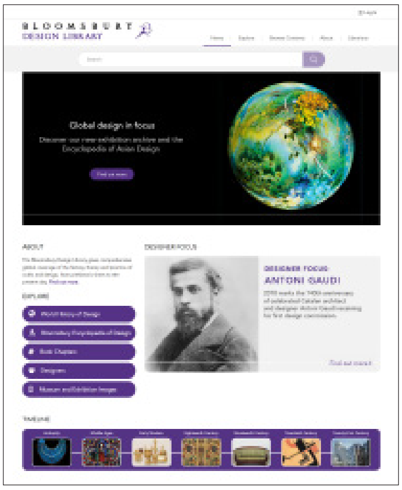


A Court of Wings and Ruin was number one on the *New York Times* bestseller list and the UK Nielsen Bookscan chart





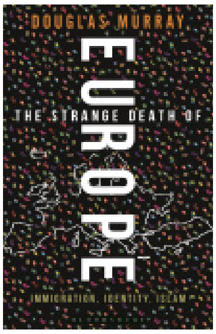
The Children’s division included bestselling fiction and non-fiction titles

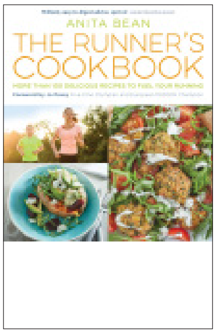


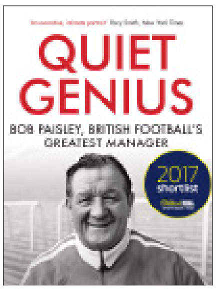
Release of new digital resources is ahead of plan

In association with BLOOMSBURY

Bloomsbury is publishing partner for the British Film Institute







The Special Interest Division focuses on communities of interest

Sales are up for Osprey Publishing board games

Non-Consumer Division

The Non-Consumer division consists of Academic & Professional, Special Interest and Content Services. Revenues in the division increased by 4% to £59.3 million (2017: £57.2 million). Adjusted operating profits were £1.7 million (2017: £2.6 million). The reduction in profit reflects the ongoing investment in Bloomsbury's 2020 initiative, which peaked at a net £1.2 million in the 2018 income statement (2017: breakeven), a foreign exchange charge that was £0.7 million higher year on year and lower rights income. Academic & Professional revenues were 1% lower than prior year as a result of the strong number of rights deals in 2017 and a print market decline in the UK Education sector, which makes up 4% of the divisions revenues. Excluding rights and services, the division's revenues grew by 2%.

The strategic growth initiative, *Bloomsbury 2020*, which we announced in May 2016 and is now known as Bloomsbury Digital Resources, will make Bloomsbury a leading non-consumer publisher in the B2B academic and professional information market and significantly accelerate the growth of digital revenues. During the year ended 28 February 2018, the focus of this plan was to expand the sales and marketing team, to deliver the budgeted number of new digital resource products on schedule and to roll out back-office systems including Salesforce. All of this and more was achieved.

Geographically, 59% of digital resources revenue originated outside the UK, the largest territory being North America at 38% (2017: 33%), where revenue grew by 47% year on year. We launched five new digital resources during the year: Bloomsbury Design Library, Bloomsbury Cultural History, Bloomsbury Food Library, International Arbitration, and Bloomsbury Encyclopaedia of Philosophers – two more than originally planned. The pipeline is robust – over the next year we will be launching Screen Studies, Bloomsbury Early Years, Bloomsbury Architecture Library, Fashion Video Workshop, and Applied Visual Arts Library, as well as new modules to Drama Online. On 31 August, to catch the start of the new university year, we will be launching new more flexible ways for our customers to buy from us in the form of "Title by Title" acquisition and the Evidence Based Acquisition model. "Title by Title" will make available for the first time some 4,000 backlist Bloomsbury Academic titles as part of the digital resource programme. These titles are not currently in one of our 40 existing Bloomsbury Collections subject areas, and therefore "Title by Title" unlocks an important new revenue stream.

In April 2018, Bloomsbury was appointed as publishing partner to the British Film Institute ("BFI") to develop and manage the BFI Publishing programme. Bloomsbury's unique position as a trade and academic publisher aligns perfectly with the range of the BFI Publishing programme and the BFI's strategic goals, to engage with young and diverse audiences and to help develop the next generation of British film talent. Bloomsbury will be able to extend the reach and awareness of BFI Publishing to students and scholars, as well as to the global film and television community. Bloomsbury has an established film and media list that perfectly complements the BFI programme, and has recently launched a digital resource for moving image studies, Screen Studies.

Chief Executive's Review

The Special Interest division focuses on publishing in print and in digital for selected communities of interest. It has enjoyed an exceptional year with its sub-divisions (wildlife, sport, reference, military, health and fitness, and religion) performing well. Stand out titles include Douglas Murray's *The Strange Death of Europe*, Anita Bean's *The Runner's Cookbook*, Muir Gray and Diana Moran's *Sod Sitting, Get Moving* and Ian Herbert's *Quiet Genius*.

Our initiative to develop board games as part of Osprey has delivered good results with revenues up 10% to £1.5 million. Sales of the new edition of *Escape from Colditz* have exceeded 17,000 sets already. In May 2018, we signed a memorandum of understanding with China Youth Press of Beijing and their international division in London, for the creation of China Global Publishing, to promote, sell and distribute English language editions of titles for Chinese publishers. Our other new investment areas in Special Interest include Green Tree for health and fitness, Sigma for popular science, Conway for outdoor, adventure and activities, Herbert Press for ceramics and craft and the digital development of Writers & Artists.

Board changes

As announced, we welcome to the Board Penny Scott-Bayfield, who will be joining Bloomsbury as Group Finance Director on 16 July 2018, succeeding Wendy Pallot who will be leaving on 18 July 2018. There are no further details to disclose in respect of the appointment of Penny in accordance with Listing Rule LR9.6.13R. I would like to thank Wendy for her immense contribution to Bloomsbury. I shall miss her.

Richard Charkin is standing down from the Board and his executive responsibilities at the end of May 2018 and will continue to work for the Company as a consultant on a number of important strategic projects including Bloomsbury China which he initiated. I would like to thank Richard for his incomparable contribution to Bloomsbury over the last 11 years. We would not be the company we are today without him. I look forward to working with him on big projects in his new role for us.

Outlook

We expect to launch five further major digital resources in 2019 as well as making additions to existing modules. Our recently announced publishing partnerships with the British Film Institute and Spotify will also add value in the forthcoming year. Our strong book list this year includes the latest from Sarah J. Maas, *A Court of Frost and Starlight*, which went straight to Number 1 in the UK on 9 May, the illustrated version of *The Tales of Beedle the Bard* by J.K. Rowling, the 20th anniversary edition of *Harry Potter and the Chamber of Secrets*, a tie-in with the release as a film of *The Guernsey Literary and Potato Peel Pie Society*, *Sea Prayer* by Khaled Hosseini and *To Obama* by Jeanne Marie Laskas. In addition, Bloomsbury is publishing a major new cookery book by Tom Kerridge.

As a result of these and an expected extra £0.3 million profit contribution from the acquisition of IBT (excluding highlighted acquisition and reorganisation costs), the Board believes the Group's performance will be well ahead of our previous expectations for the forthcoming 2018/19 year.

Bigger Bloomsbury

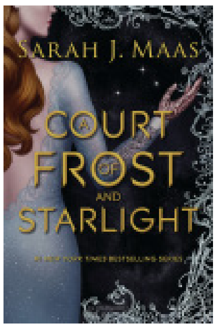
Our significant emphasis on adding Shareholder value has crystallised in the "Bigger Bloomsbury" initiative, where we are focusing on our key growth drivers with targeted strategies across the business to help grow our revenues and improve profit margins. This, together with our acquisition of IBT, is expected to lead to performance for 2020 being well ahead of our previous expectations. The key growth drivers are as follows:

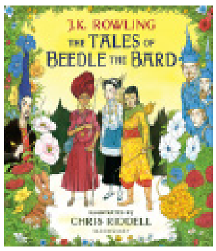
1. Growing the profits of the Adult division;
2. Growing the profits of the Academic & Professional division;
3. Reducing our finished goods stock further by continuing to roll out globally efficiencies already made in the UK business;
4. Increasing the focus on Bloomsbury's nine biggest assets, starting with Harry Potter, Sarah J. Maas, Tom Kerridge and the lead title in each division from both the US and UK editorial lists to boost backlist and frontlist performance;
5. Maximising the success of Bloomsbury Digital Resources;
6. Accelerating the growth of Bloomsbury's sales in the USA, Australia and India; and
7. Developing Bloomsbury China: China Global Publishing – publishing books, in English, as a publishing partner in the West for major Chinese publishers, following signing of Memorandum of Understanding in May 2018.

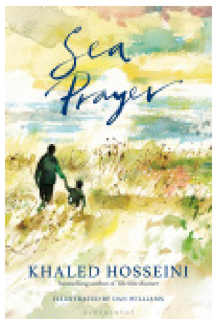
Nigel Newton

Chief Executive

22 May 2018







Bloomsbury has a strong publishing programme for 2018

Financial Review

Wendy Pallot

Wendy Pallot
Group Finance Director

Revenue

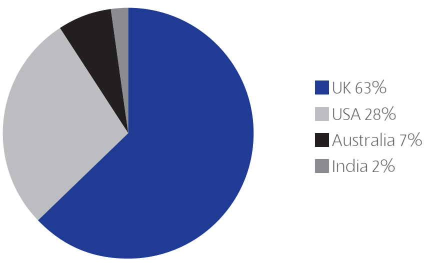
In 2018, Group revenues increased by 13% to £161.5 million (2017: £142.6 million). Revenues also grew by 13% at constant currencies.

The excellent 20% growth to £102.2 million for Consumer division revenues, and in particular both Harry Potter and cookery titles, has been a significant contributor to the Group performance. Non-Consumer revenues increased by 4% to £59.3 million, with Special Interest within that growing by 16%. The Academic & Professional division grew its core title sales and digital resource revenues but a strong rights comparator and a soft UK education market meant that overall sales were down by 1%. Growth has been achieved across all Bloomsbury's territories with India up 24%, the US 10%, Australia 12% and UK 14% (growth quoted is in local currencies).

The Bloomsbury Digital Resource division revenues grew by 20% to £4.7 million (2017: £3.9 million). Five new products were launched in the year. We are on track to achieve our target of £15 million of revenues from digital resources in the year 2022.

The following chart shows where Group revenues were generated for the year ended 28 February 2018.

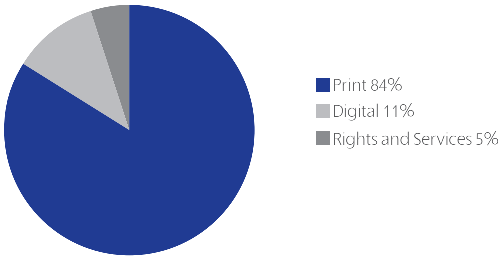
Revenues by territory



Revenues sold overseas grew by 16% to £101.2 million and are now 63% of total revenues. However, this excludes an extra 17% of books sold to the UK market which we estimate are then sold on overseas through wholesalers. Including these, overseas revenues in total would be 69% of Group revenues.

The following chart shows the proportion of Group revenue that each product type generates.

Revenues by type



Book sales grew by 15% in the year with good growth across all formats; print 15%, e-books 10% and other digital revenues 21%. Growth in traditional print and e-book formats came particularly from the Children's division. Rights and Services revenues reduced by 7% as a result of a strong prior year comparative within the Non-Consumer division.

Profit

Profit before tax and highlighted items at constant currencies increased by 13% or £1.6 million to £13.6 million. Currency movements in the year reduced profit by 3%. Profit before tax and highlighted items increased 10% to £13.2 million (2017: £12.0 million). Profit before highlighted items and after tax was £10.5 million (2017: £9.5 million).

The key factors impacting profit year on year were the exceptional trading performance of the Group, most notably within the Consumer and Special Interest divisions; incremental net investment in *Bloomsbury 2020* of £1.2 million (2017: net nil); an increase in the foreign exchange charge by £1.3 million year on year and the £2.3 million bonus provision (2017: £1.0 million).

Administrative expenses excluding highlighted items were up by 6% on an underlying basis excluding the £1.3 million higher foreign exchange charge, the extra £1.0 million higher investment in *Bloomsbury 2020* and £1.3 million higher bonus accrual. Administrative costs included the effect of a rent review at our London premises (£0.2 million) and a £0.2 million reclassification from cost of sales.

The operating profit margin before highlighted items declined slightly year on year to 8.1% from 8.4%, excluding the investment in *Bloomsbury 2020* the operating profit margin before highlighted items increased from 8.7% to 9.1%.

Highlighted items in the year were the amortisation of acquired intangible assets of £1.6 million (2017: £1.7 million). In the prior year, in addition, we highlighted £0.9 million of restructuring costs relating to the US business.

Interest

The net finance income was £0.1 million (2017: £0.04 million). The finance income relates mostly to interest received from HMRC, following the settlement of outstanding tax issues.

Financial Review

Taxation

The tax charge of £2.6 million (2017: £2.1 million) is a reported effective rate of tax of 22.1% which is in line with the prior year. Excluding the effect of highlighted items, the effective tax rate for the Group was 20.8% (2017: 21.4%). During the year the federal tax rate in the US reduced from 35% to 21%, resulting in an £864,000 charge reducing the deferred tax asset held on the US balance sheet. An adjustment to the tax charge in respect of prior years has been made for tax deductions associated with a US stock valuation charge, moving £1,271,000 out of current tax into deferred tax, recognising the temporary difference that arises between the accounting and tax treatment.

Earnings per share

Diluted earnings per share before highlighted items were up by 10% to 13.92 pence (2017: 12.63 pence), as a result of the growth in profits. Diluted earnings per share after deducting highlighted items were up by 23% to 12.06 pence (2017: 9.81 pence). Information on distributable reserves can be found on page 127. Information on the dividend can be found in the Chief Executive's Review on page 7.

Capital structure

Our balance sheet at 28 February 2018 can be summarised as set out in the table below:

	2018 £'m	2017 £'m
Goodwill and acquired intangible assets	**55.1**	57.2
Internally generated intangible assets	**6.9**	6.6
Investments	**0.3**	–
Property, plant and equipment	**2.1**	2.2
Net deferred tax assets	**0.1**	2.5
Working capital	**48.3**	55.8
Other non-current assets and liabilities	**1.4**	(0.5)
Total net assets before net cash	**114.2**	123.8
Net cash	**25.4**	15.5
Total net assets	**139.6**	139.3

Net assets were £139.6 million (2017: £139.3 million) and net assets per share were 185 pence (2017: 185 pence). The main movements on the balance sheet are in working capital and cash, which has increased mostly due to higher profits and more efficient use of working capital.

Following exceptional trading in the year, both current trade and other receivables and current trade and other payables have increased. Trade and other receivables increased by 1% to £78.4 million (2017: £77.8 million) and 4% using constant currencies. Since books sold are generally returnable by customers, the Group makes a provision against books sold in the accounting year. The unused provision at the year end is then carried forward and offset against trade receivables in the balance sheet, in anticipation of further book returns subsequent to the year end. A provision of £7.9 million (2017: £6.5 million) has been made for future returns relating to sales up to 28 February 2018. This provision was 14% of gross trade receivables (2017: 13%). Balance sheet returns provisions, stock and royalties accrual include an adjustment this year to align the presentation of the returns provision across the Group. This does not affect the Income Statement. The adjustment grossed up the returns estimates for stock and royalties rather than netting those against the returns provision in trade receivables. As a result, finished goods inventories have increased by £1.2 million, accruals have reduced by £0.5 million and the provision for returns in trade receivables has increased by £1.7 million.

Inventories reduced by 7% to £26.7 million (2017: £28.6 million) which is the result of the Group's continued focus on improving stock efficiency. On a like-for-like basis (excluding the effect of the adjustment noted above and on a constant currency basis) this reduction was 5% or £1.3 million. We expect further reductions in stock in the forthcoming year.

Trade and other payables increased by 11% to £55.2 million (2017: £49.6 million); on a constant currency basis the increase was 16%. Accruals have increased from £18.8 million to £23.2 million, mainly because of the addition of a bonus accrual of £2.3 million (2017: £1.0 million) and a £3.0 million increase in the royalties accrual following increased trading in the current year. Net deferred tax assets have reduced by £2.4 million to £0.1 million, following the reduction in the rate of US federal tax.

Cash

Cash and cash equivalents were £25.4 million (2017: £15.5 million). Cash flow conversion in the year was excellent at 161% (2017: 180%). The Group has delivered further improvements to working capital management in the year, especially following the reduction in inventory.

The net cash generated from operating activities, including the effect of highlighted items, increased to £19.0 million (2017: £18.8 million). This movement is due to a combination of higher profits and the payment of higher income taxes of £3.0 million (2017: £1.0 million). Cash used in investing activities was principally the cost of internally generated intangible assets such as product and system development. Cash used in financing mainly comprised dividend payments of £5.0 million (£4.8 million).

Liquidity

The Group has an unsecured revolving credit facility with Lloyds Bank plc, with £10 million to £14 million of committed loan facility (amount dependent on time during the year to match Bloomsbury's cash flow cycle), a £2 million overdraft facility renewed annually and a £6 million uncommitted term loan facility. The loan facilities expire in May 2021. All loan facilities are subject to two covenants, being a maximum net debt to EBITDA ratio and a minimum interest cover covenant. No facilities were drawn down as at 28 February 2018. The Group's net cash position changes over the course of the year as a result of the seasonality of the business with the most significant expenses being the payment of royalties in March and September and the most significant sale receipts being in February from Christmas sales.

Acquisition of I. B. Tauris & Co Ltd ("IBT")

After the year end, in April 2018, the Company acquired IBT for £5.8 million. £4.8 million was paid in cash at completion and up to £1.0 million will be paid within two years of completion, subject to working capital and other adjustments. IBT generated £4.3 million of revenue in the year ended 31 December 2017 (based on their unaudited accounts) and is expected to contribute £3.5 million of revenue and £0.3 million of profit for Bloomsbury Group in its financial year ending 28 February 2019.

Key Performance Indicators

Revenue growth
%

13%

2016	11
2017	15
2018	**13**

Adjusted PBTA
£'m

£13.2m

2016	13.0
2017	12.0
2018	**13.2**

Digital resources revenue growth
%

20%

2016	34
2017	50
2018	**20**

Adjusted operating profit margin
%

8.1%

2016	10.6
2017	8.4
2018	**8.1**

Adjusted diluted EPS
pence per share

13.92p

2016	15.24
2017	12.63
2018	**13.92**

ROCE
%

9.9%

2016	9.2
2017	8.2
2018	**9.9**

Financial Review

Alternative performance measures

The Board considers it helpful to provide performance measures that it uses to assess the operating performance of the Group.

The Annual Report presents non-GAAP measures alongside the standard accounting terms prescribed by IFRS and the Companies Act, as the Board considers they would be beneficial to users.

Alternative profit measures

The Group uses adjusted profit measures to assist users in understanding operational performance. These measures exclude Income Statement items arising from significant non-cash charges and major one-off initiatives which are highlighted in the Income Statement because, in the opinion of the Directors, separate disclosure is helpful in understanding the underlying performance of the business that underpins long-term value generation. The Income Statement items that are excluded from adjusted profit measures are referred to as highlighted items.

Alternative profit measures are used by the Board and management for planning and reporting and have remained consistent with prior year. The Group's definition of adjusted performance measures may not be comparable to other similarly titled measures that are used by other companies. A reconciliation of the adjusted profit measures to their corresponding statutory reported figures can be found on the face of the Income Statement in conjunction with note 4 and note 9 on Earnings Per Share.

Both adjusted profit measures and highlighted items are presented together with statutory measures on the face of the Income Statement. Highlighted items are not a defined term under IFRS, so may not be comparable to similar terminology used in other financial statements. Details of the charges and credits presented as highlighted items are set out in note 4 to the financial statements. The basis for treating these items as highlighted is as follows:

Amortisation of acquired intangible assets

Charges for amortisation of acquired intangible assets arise from the purchase consideration of a number of separate acquisitions. These acquisitions are strategic investment decisions that took place at different times over a number of years, and so the associated amortisation does not reflect current operational performance.

Other highlighted items

Other highlighted items are recorded in accordance with the Group's policy set out in note 4 of the financial statements. They arise from one-off major initiatives such that in the opinion of the Directors, separate disclosure is helpful in understanding the underlying performance of the business that underpins long-term value generation. Examples include major restructuring initiatives or legal and professional fees arising from an acquisition. In the opinion of the Directors, separate disclosure is helpful in understanding the underlying performance and future profitability of the business.

Tax related to highlighted items

The elements of the overall Group tax charge relating to the above highlighted items are also treated as adjusting. These elements of the tax charge are calculated with reference to the specific tax treatment of each individual highlighted item.

Return on capital employed

Return on capital employed is calculated as profit before tax with other highlighted items and net finance costs added back, divided by average capital employed for the last two years. Capital employed is gross assets excluding cash and cash equivalents, deferred tax assets and current tax receivables less trade and other payables.

Cash conversion

Cash conversion shows how well the Company is converting profit into cash. It is taken from the follow GAAP measures:

	2018 £'m	2017 £'m
Cash generated from operating activities	22.0	19.8
Less: Purchase of property, plant and equipment	(0.3)	(0.3)
Less: Purchases of intangible assets	(2.8)	(2.6)
Less: Purchases of investments	(0.3)	–
Net cash generated	18.6	16.9
Operating profit	11.5	9.4
Cash conversion	161%	180%

Constant currency measures

Constant currency measures are disclosed in order to eliminate the effect of the movement in foreign exchange rates. Changes in exchange rates used to record non-sterling businesses result in a lack of comparability between periods since equivalent local currency amounts are recorded at different sterling amounts in different periods. Results using constant currencies are disclosed where they have a material impact on those numbers, enabling a better understanding of the underlying performance.

We have therefore restated below the current year revenue at the prior year exchange rates. The currency adjustment is calculated by applying the monthly foreign exchange rates used in 2017 to convert the overseas revenue into sterling. This has been applied on a month– by–month basis to the 2018 revenue. This method allows better comparability given the seasonality of the business.

	Children's £'000	Adult £'000	Consumer £'000	Academic & Professional £'000	Special Interest £'000	Content Services £'000	Non-Consumer £'000	Total £'000
Group revenue 2018 – reported	69,150	33,071	102,221	36,517	21,308	1,464	59,289	161,510
Currency adjustment	(378)	(20)	(398)	217	(27)	–	190	(208)
2018 – currency adjusted	68,772	33,051	101,823	36,734	21,281	1,464	59,479	161,302
2017 – reported	55,915	29,459	85,374	36,915	18,404	1,871	57,190	142,564

	United Kingdom £'000	North America £'000	Australia £'000	India £'000	Total £'000
Group revenue 2018 – reported	101,321	44,481	12,087	3,621	161,510
Currency adjustment	–	200	(266)	(142)	(208)
2018 – currency adjusted	101,321	44,681	11,821	3,479	161,302
2017 – reported	88,685	40,547	10,530	2,802	142,564

	United Kingdom £'000	North America £'000	Australia £'000	India £'000	Total £'000
Consumer division revenue 2018 – reported	59,957	29,721	9,623	2,920	102,221
Currency adjustment	–	(76)	(205)	(117)	(398)
2018 – currency adjusted	59,957	29,645	9,418	2,803	101,823
2017 – reported	46,664	27,832	8,684	2,194	85,374

Where no reconciliation is provided above for alternative performance measures, sufficient information is included in the narrative to be able to perform a reconciliation.

Wendy Pallot

Group Finance Director

Group Overview

Group Strategic Summary

Bloomsbury is a global publisher of books and other media for general readers, children, students, researchers and professionals. Bloomsbury offers authors access to these multiple markets in multiple formats throughout the world: in print, through e-books, through digital downloads and apps; in schools; in libraries; in universities; and in terrestrial and internet bookshops; with entrepreneurial teams in New York, London, Oxford, New Delhi and Sydney serving all territories.

Our overall strategy is unchanged and is to grow a high-quality global publishing business delivering high value to its authors and other contributors, readers and shareholders.

We achieve this by:

- publishing authors and works of excellence and originality;
- delivering professional services to those seeking publication;
- combining tradition and technology to achieve excellence; and
- establishing solid profit streams.

Area of focus	Reason for the focus
Growing Non-Consumer* revenues so that they match or exceed our Consumer revenues	Non-Consumer revenues have higher margins, are generally a more predictable revenue stream, are less reliant on the retail bookshop environment and have more digital opportunities. They are typically derived from our Academic & Professional and Content Services divisions and Education and Special Interest books.
Continuing acquisition of rights to publish outstanding works by undiscovered and established authors	Continue to attract, spot and retain high-quality talent in our Consumer division, and remain the home of some of the world's best loved and most exciting authors. While we recognise the importance of growing reliable Non-Consumer revenues, we will always strive to discover, nurture and champion brilliant Consumer talent.
Expanding internationally in English language markets	This reduces the Group's reliance on the UK market and, in particular, takes advantage of the biggest academic market worldwide in the US and the significant growth potential in India.
Creating and exploiting copyright and IP, including by licensing information databases to support major institutions and corporations	This reduces the Group's reliance on Consumer revenues and increases higher value B2B transactions.
Benefiting from the digital opportunity	This expands the markets we are in and our revenue opportunities.
Delivering excellent service to our authors	Excellent service is core to attracting and keeping our authors.

* Non-Consumer: This includes Academic & Professional, Content Services, Education and Special Interest.

The Group is organised as two worldwide publishing divisions supported by global back office functions. A review of these follows.

Group Overview

Non-Consumer

The Non-Consumer Division

The Non-Consumer division consolidates a number of Bloomsbury publishing divisions: Academic & Professional; Special Interest; Content Services and Education. A new publishing division, Bloomsbury Digital Resources, was created in May 2016 within the Academic business to focus on institutional digital resources. In March 2018, the division became the co-publisher of British Film Institute ("BFI") books. In May 2018, Bloomsbury purchased I. B. Tauris & Co. Limited, an academic publishing company specialising in Middle East Studies, Politics, Visual Culture and History. This will be integrated into the Humanities and Social Sciences academic business.

The Non-Consumer division produces a large portfolio of scholarly and B2B digital resources sold direct to institutions, schools and companies round the world; a print and e-book programme of over 1,900 titles per year across humanities and social sciences, law and tax; consultancy services to corporations and institutions round the world; communities of shared interest in military history (Osprey), natural history (Helm and Poyser), Sport (through Nautical, Reeds, and Wisden), Popular Science (through Sigma) and reference (through Who's Who, Whitaker's, and www.writersandartists.co.uk).

Jonathan Glasspool

Executive Director and Managing Director, Non-Consumer division

Jonathan Glasspool joined Bloomsbury in 1999, was appointed to the Board as Executive Director in 2015 and now oversees the development of Bloomsbury's Academic & Professional publishing business and the other Non-Consumer publishing divisions. Previous roles include being a publisher at Reed Elsevier in Singapore, Melbourne and Oxford. He started his career at Cambridge University Press. He has an MBA with Distinction from Warwick Business School. Jonathan is also a Governor of Bath Spa University; Chair, Industry Advisory Board, Oxford Brookes Publishing Centre; Chair, Federation of British Artists, and Trustee, Publishing Training Centre.

The markets we serve

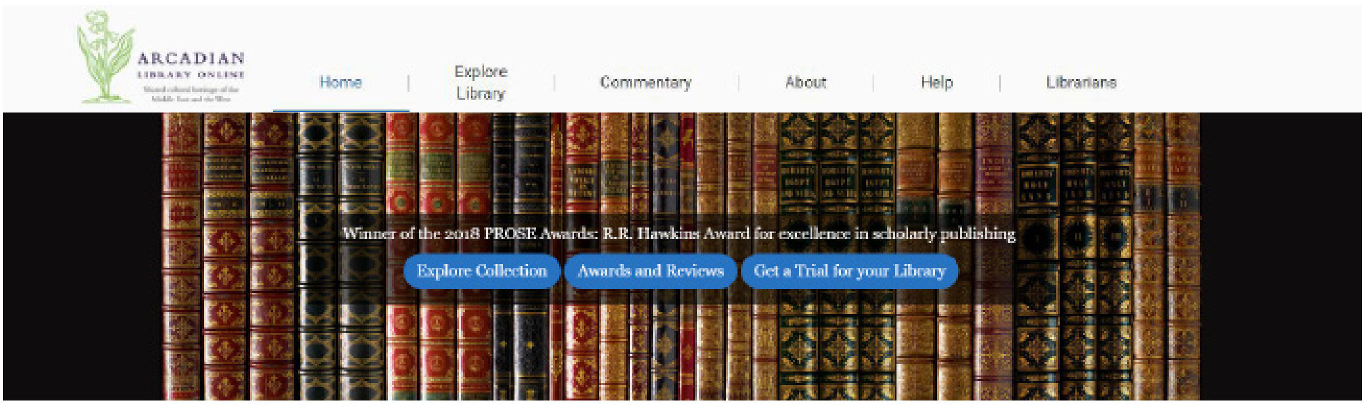
The Non-Consumer division serves the following end users:

- International research community and higher education students use our books and digital resources which are accessed by academic libraries and institutions worldwide
- Online law, accounting and tax services for UK and Eire professionals
- Corporations and institutions worldwide looking for consultancy and publishing services
- Niche communities of interest in sports and sports science, nautical, military history, natural history, and popular science
- Teachers and trainee teachers looking for content to support Continuing Professional Development and their teaching

Divisional facts

Revenue – Total	£59.3m
Revenue – UK	£41.3m
Revenue – US	£14.8m
Revenue – Other territories	£3.2m
Adjusted operating profit*	£1.7m
Adjusted operating margin	2.9%

* Adjusted operating profit is profit before taxation and amortisation of acquired intangible assets.



The Arcadian Library Online: Winner of the 2018 PROSE Awards: R.R. Hawkins Award for excellence in scholarly publishing

Group Overview

Non-Consumer

Value generating activities	Description
Academic book publishing in print and e-book formats	Required study material for students of humanities, social sciences and applied visual arts. Mainly backlist, print and e-books, with a significant US weighting. Sold direct and through industry intermediaries.
Digital academic services	Online services sold direct to institutions worldwide e.g. Berg Fashion Library, the Churchill Archive, Drama Online, Bloomsbury Collections and Bloomsbury Fashion Central. Sold direct through subscription or perpetual access.
Professional book and online information publishing	Online and print resources for business practitioners, qualified and trainee solicitors, barristers, accountants and tax practitioners, sold direct through subscription and perpetual access.
Publishing services	Range of end-to-end publishing and content services, digital and print, provided direct to corporations and organisations.
Consultancy and management services	Provided to non-publishers to advise on, implement and manage publishing strategy and projects.
Books, games and special interest digital resources	Specialist content and services for a range of niche communities of interest. Content is sold direct through websites and through retail intermediaries.
Books and online resources for teachers	Content for teachers and trainee teachers.

Strategy for growth
Growing the division via direct sales to institutions such as law firms, accountancy practices, tax practitioners, and higher education libraries worldwide rather than via traditional third party retailers
Increasing investment in digital annuity-based services for professional, student and educational use rather than print products
Bolt-on acquisitions that strengthen already-strong lists
Expanding divisional sales in international markets

Strategic goals
Growing institutional subscription revenues internationally, especially North America
Growing revenues from digital-only products and services to £15 million revenue and £5 million profit by 2022
Expanding number of revenue streams from non-book sources
Creating rich content and compelling services for niche communities of special interest

Examples of the recent Non-Consumer prizes and awards
(Digital resource) 2018 RR Hawkins/American Association of Publishers Award for best academic work published in USA: Arcadian Library Online
2018 PROSE award (a leading international award for outstanding scholarly works) – best humanities textbook: A Practical Guide to Studying History: Skills and Approaches by Tracey Loughran
Dartmouth Medal (a leading international award for a reference work of outstanding quality and significance): Encyclopaedia of Embroidery from the Arab World by Gillian Vogelsang-Eastwood
Will Eisner Award – best academic/scholarly work: Superwomen by Carolyn Cocca
Olivier Award – best new comedy: Labour of Love at Noel Coward Theatre by James Graham

Group Overview

Consumer

The Consumer Division

The Consumer publishing division publishes books for both adult and child readers. It publishes around 600 new titles per year and these books are published in print and e-formats under the following imprints: Absolute Press, Bloomsbury Activity Books, Bloomsbury Children's Book, Bloomsbury Circus, Bloomsbury Publishing and newly launched Raven Books.

The division publishes cookery, fiction and non-fiction titles on our Adult Trade list – and activity books, fiction, non-fiction, picture books and preschool titles on our Children's Trade list. Our main publishing operations are based in London and New York and coordinated by experienced editorial and publishing managers so that authors and their works are supported throughout the world.

Known for the quality and the prize-winning calibre of the list, we publish authors such as Margaret Atwood, Peter Frankopan, Khaled Hosseini, George Saunders on our Adult Trade list – and Neil Gaiman, Sarah. J. Maas, J.K. Rowling and Lucy Worsley on our Children's Trade list.

Emma Hopkin
Managing Director, Consumer division

Emma is responsible for all Consumer publishing. She joined Bloomsbury in 2011 to run the Children's business and was promoted in 2016 following a company restructure to include management of the Adult Trade division. Previously she was Managing Director of Macmillan Children's Books. She also held sales and marketing roles at Houghton Mifflin, Pan Macmillan and Routledge.

The markets we serve

Our publishing serves the global bookshop and online retail market, in print and e-books. The UK market is the largest market based on divisional sales.

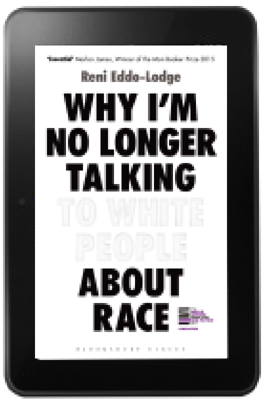
How sales out of UK bookshops have changed during January to December 2017:

	Total UK bookshop market		Bloomsbury bookshop sales	
	Value	Volume	Value	Volume
Children's Trade	–1.5%	–3.1%	35.4%	32.0%
Adult Trade – non-fiction	–0.6%	–5.0%	2.5%	2.4%
Adult Trade – fiction	1.7%	–0.6%	2.2%	–21.8%
Overall	–0.2%	–3.1%	15.0%	12.2%

Data taken from Neilsen Bookscan UK Total Consumer Market

Divisional facts	
Revenue	£102.2m
Revenue – UK	£59.9m
Revenue – US	£29.7m
Revenue – Other territories	£12.6m
Revenue – e-books only worldwide	£8.4m
Adjusted operating profit*	£11.4m
Adjusted operating margin	11.1%

*Adjusted operating profit is profit before taxation and amortisation of acquired intangible assets.



Group Overview
Consumer

Value generating activities	Description
Children's Trade publishing	Activity books, fiction, non-fiction, picture books, preschool books in print and e-formats.
Harry Potter publishing	J.K. Rowling's children's novels.
Adult Trade best-selling fiction	High volume titles sold as e-books and in print.
Adult Trade non-fiction	Biography, food and drink, history, memoir, popular science and popular psychology.

Strategy for growth
Growing the list by focused and global acquisition of titles
Better exploitation of the backlist
Growing and building brands by winning major literary prizes, winning slots in retail promotions and gaining exceptional media coverage and TV/film tie-ins
Ensuring strategic sales and marketing planning is in place for established and new brands
Attracting talent to the list by providing excellent author care

Strategic goals
Growing Adult Trade market share in UK and US
Continuing to grow Children's Trade market share in UK and US
Listing on *The New York Times* bestsellers and *Sunday Times* charts

Examples of recent prizes and awards

Adult Trade division

US WINNERS	UK WINNERS
Finalist in Pulitzer Prize for History: *History in Los Angeles* by Steven J.Ross	Man Booker Prize for Fiction: *Lincoln in the Bardo* by George Saunders
PEN/Saul Bellow Award for Achievement in American Fiction (for body of work): Edmund White	National Book Award: *Sing, Unburied, Sing* by Jesmyn Ward
2017 International Association of Culinary Professionals (IACP) Cookbook Awards (Cookbook Design category): *Knives & Ink* by Isaac Fitzgerald and Wendy MacNaughton	Books Are My Bag Readers Award for Breakthrough Author: *The Bricks that Built the Houses* by Kate Tempest
Municipal Art Society of New York's 2017 Brendan Gill Prize: *Signs of Hope* by Matthew "Levee" Chavez	The Jhalak Prize: *Why I'm No Longer Talking to White People About Race* by Reni Eddo Lodge
	Rogers Writers' Trust Fiction Prize: *Brother* by David Chariandy

SHORTLISTED OF NOTE
Andrew Carnegie Medal for Excellence 2018 (non-fiction category): *The Doomsday Machine* by Daniel Ellsberg, shortlisted
29th Annual Lambda Literary Awards (Gay Fiction category): *Hide* by Matthew Griffin, finalist
Thurber Prize for American Humor: *Mr. Eternity* by Aaron Their, finalist
Costa Novel Award: *Home Fire* by Kamila Shamsie
CWA Dagger for Non-Fiction: *The Wicked Boy: The Mystery of a Victorian Child Murderer* by Kate Saunders
British Book Design and Production Awards, Best Cover/Jacket Design: *Why I'm No Longer Talking to White People About Race* by Reni Eddo-Lodge

Children's Trade division

US WINNERS	**UK WINNERS**
ALA 2018 Newbery Honor Award: *Piecing Me Together* by Renée Watson	Costa Children's Book Award 2017: *The Explorer* by Katherine Rundell
ALA 2018 Coretta Scott King Author Award: *Piecing Me Together* by Renée Watson	FCBG Children's Book Award 2017 (Senior): *One* by Sarah Crossan
ALA 2018 Theodor Seuss Geisel Honor Award: *My Kite is Stuck! And Other Stories* by Salina Yoon	Edward Stanford Travel Writing Awards 2018 (Children's Travel Book of the Year): *The Explorer* by Katherine Rundell
Goodreads Choice Awards Winner – Young Adult Fantasy: *A Court of Wings and Ruin* by Sarah J. Maas (the THIRD year in a row Sarah J. Maas has won in this category!)	First News Funny Award 2018: *Kid Normal* by Greg James and Chris Smith
ALA 2018 Amelia Bloomer List (Top Ten): *Piecing Me Together* by Renée Watson	Goodreads Choice Awards – Young Adult Fantasy 2017: *A Court of Wings and Ruin* by Sarah J. Maas

SHORTLISTED OF NOTE
Kate Greenaway Medal 2018: *The Song From Somewhere Else* by A.F. Harrold
Costa Book Award 2017: *Moonrise* by Sarah Crossan
Waterstones Children's Book Prize 2018: *Kid Normal* by Greg James and Chris Smith

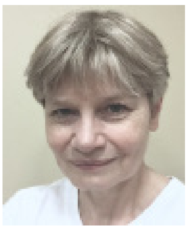
Group Overview

Group Functions

Under the One Global Bloomsbury structure, the process driven Group functions are service providers to the global publishing divisions and are key to the internal control framework of the business. The following provides an outline of the main Group functions and the interplay with the business model.

Group function	Description of service to the Group	Contribution to strategic aims
Sales and Marketing Kathleen Farrar is Group Sales and Marketing Director and joined Bloomsbury in 1998. She began her publishing career in Sydney, Australia, and has held various senior sales and marketing roles.	Provide sales and marketing services to the Group across print, e-books and digital platforms. Manage marketing budgets to maximise marketing spend ROI across the Group. Deliver profitable sales across retail and wholesale channels.	Manage Group sales and marketing campaigns and deliver global sales and marketing KPIs. Provide professional and excellent author care across all divisions. Maximise profits from all sales channels and regularly review pricing in print and digital to increase net revenue.
Production Louise Cameron is Group Production Director and joined Bloomsbury through the acquisition of Continuum International Publishing in 2011. She began her career in publishing in 1988 and has held various senior production and editorial roles.	Cost-efficient on-time delivery of high-quality print and digital product for sale globally. Production-editorial operations: design, documentation and management.	Margin optimisation through Group-based tender processes for pre-press, manufacturing and freight, and through efficient operations. Support of digital publishing strategy through design and management of XML-first workflows, with allied future proofing of content and IP storage.
Finance and Technology Wendy Pallot is Group Finance Director and the Bloomsbury Executive Director with responsibility for technology (see Board biographical details).	Provide finance and royalty administration services to the Group. Provide information, communication and technology services to the Group, across back office and customer-facing systems.	Transaction processing, good quality financial reporting and business planning to support decision-making across Bloomsbury. Improve author care through excellent royalty services. Deliver digital platforms to grow digital revenues in line with Bloomsbury 2020 digital resource growth strategy. Provide technology services across the Group to support business strategy.

Kathleen Farrar
Group Sales and Marketing Director



Louise Cameron
Group Production Director

Risk Factors

Outlined in the table below is a description of risk factors that management considers are relevant to the Group's business. Not all the factors are within management's control and other factors besides those listed below could also affect the Group. Actions being taken by management to mitigate risk factors should be considered in conjunction with the cautioning note to Shareholders in the Directors' Report on page 39 with regards to forward-looking statements. Details on financial risk management are given in note 23.

Viability statement

Provision C.2.2 of the UK Corporate Governance Code requires the Directors to assess the viability of the Group over a period significantly longer than 12 months from the date the financial statements are approved.

The Group prepares five-year projections developed from the long-term plans for each of the global publishing divisions. As well as the existing backlist titles, the projections for the first three years of the plan are based on the future title, online platform and other income pipelines. There is inherently less certainty in years four and five. The Board therefore concludes that three years is an appropriate period for the viability statement.

The Group's principal risks (see below) and its approach to managing them have formed the basis for the assessment of longer term viability. The Board believes the principal risks to viability are primarily:

- volatility of book sales for the consumer market including, but not limited to, the risk of a major high street retailer going out of business;
- the increasing importance of internet retailing;
- volatility of rights and services deals;
- changes that might occur to the digital book market;
- erosion of copyright;
- volatility of paper material costs; and
- risks associated with Brexit, principally the impact on the cost of overseas printing of UK-originated titles.

We have developed plausible downside scenarios for each of these risk areas and quantified the impact on the Group's revenue, profit and cash for each one. We evaluated all the principal risks below and focused our sensitivity analysis on the key risks.

Individual and multiple scenarios were overlaid on our three-year projections. Through this analysis, the Board concludes that the Group does not face a risk to longer term viability except in the event of remote combinations of material events. The analysis took account of the Group's current funding, forecast requirements and existing committed borrowing facilities.

Based on this assessment, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 28 February 2021.

It is also important to bear in mind the quantum of Intellectual Property ("IP") which the Group holds and how that impacts the viability assessment. Bloomsbury does have easily transferable IP assets that can be broken up into any number of combinations that it could sell, were a catastrophic risk failure to occur.

Bloomsbury business model

Our strategy

The Group's mission is to grow a high-quality global publishing business delivering high value to its contributors, readers and Shareholders. The Group Overview section of the Annual Report includes information on our strategy, which has evolved to address the risks faced by the Group. The Corporate Responsibility section gives information on how we take account of social and environmental matters when implementing our strategy.

Overview of Bloomsbury's processes

Bloomsbury is an independent publisher and has been listed on the Main Market of the London Stock Exchange since 1994. Over a period of 30 years the business has built up a substantial body of publishing rights.

The Group is structured as fully integrated worldwide publishing divisions under a global brand supported by centralised sales, marketing, production and head office functions (this structure is named "One Global Bloomsbury"). Each publishing division reports to the Chief Executive. The Group encourages each publishing division to develop and grow diversified income streams. Each division has the capability to publish books in all formats but may also produce other products such as online content accessible through subscription. Each division may also use its expertise to provide publishing-related services to clients.

Book publishing

Book publishing (e-books, printed books etc) is the main activity of Bloomsbury. This generates two core income streams: book sales and rights sales.

In competition with other publishers, Bloomsbury's commissioning editors acquire the intellectual property rights to publish the works of authors. Ultimately, the authors and their literary agents control which rights each publisher acquires. Bloomsbury focuses on publishing worldwide in English but getting the specific rights desired can entail acquiring an assortment of other rights. Bloomsbury re-sells on to other publishers any rights it does not need, which generates an income stream. When it makes financial sense, Bloomsbury also sells the publishing rights to titles in its extensive backlist e.g. for a book in a series published by another publisher which is valuable to them to complete the series.

Risk Factors

Bloomsbury sells its own books typically through online retailers such as Amazon, through bookshops, through supermarkets and direct to customers.

Bloomsbury's global production function produces books in all formats. Bloomsbury has produced e-books since 2005 and as an early adopter benefited from the worldwide growth in e-book sales. Printed books that are sold through retail outlets are normally sold on a sale-or-return basis. The Group does not print its own books but subcontracts the printing, warehouse storage and distribution of printed books to a number of long-term global partners.

Positioning the business towards Non-Consumer revenues

Bloomsbury is a cash generative business and has enjoyed the benefit of publishing many bestselling titles over a prolonged period. Bloomsbury has balanced its core consumer book publishing business with academic and professional publishing. This addresses a number of risks:

Long-term growth potential, less sales volatility and higher margins: The demand for academic and professional books is more regular which reduces the volatility of book sales compared to consumer book sales;

Barriers to entry: Since acquiring Methuen Drama in 2006, Bloomsbury has continuously invested in growing its academic publishing business through organic growth and acquisitions of publishing businesses, lists of academic books and online databases. The time, cost and expertise required to build up an academic publisher acts as a barrier to entry for significant new competitors;

Exploiting intellectual property: Bloomsbury is developing innovative academic online products which are sold under annual subscriptions and which exploit the Group's content assets and expertise; and

Lower risk: Academic publishing acquisitions require lower advances to authors.

Growth in emerging markets

India has one of the world's largest English-speaking populations and an increasing number of highly-educated readers of English. Bloomsbury has a growing publishing business in India that publishes the works of local talented authors in addition to the works of Bloomsbury authors with works originally published in the UK and the US.

Bloomsbury risk management and internal control framework

Board
Overall responsibility for strategy, risk management and ensuring adequate internal controls

Audit Committee
Oversees systems of risk management/internal controls

Executive Committee
Group's Risk Committee. Oversees the global operations and development of publishing strategy

Global publishing divisions
Manage the risks day-to-day

Group functions
Internal control service to the global publishing divisions

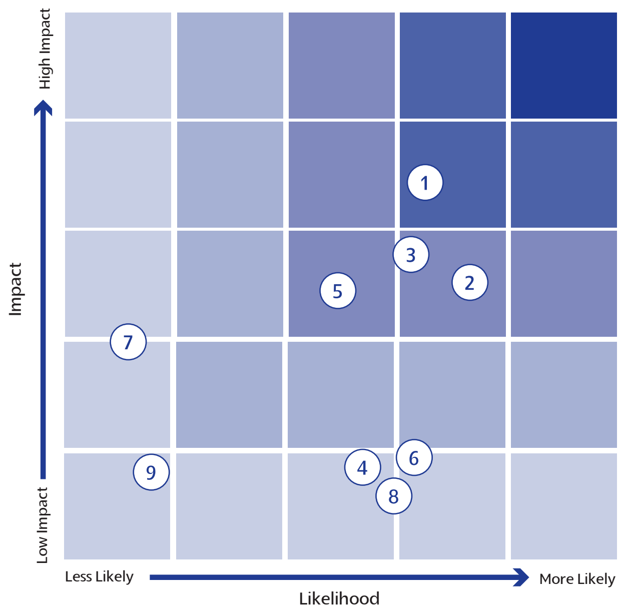
Formal internal control and risk reporting:

– Group Risk Matrix and Register
– Functional Risk Matrices
– Management's control reviews
– Continuous Internal Control ICQ assessments
– Group registers e.g. compliances, fraud risks
– External and Internal Audit reports
– Outsourced control reviews

In-house supporting roles :
– Head of Internal Audit
– Group Risk Manager

Principal Risks

The table below provides a description of risk factors that management considers relevant to the Group's business. Other factors besides those listed could also affect the Group. The risks are illustrated schematically in the following chart:



1. Market
2. Rights and services
3. Financial valuations
4. Information and technology systems
5. Growth of digital
6. Title acquisition
7. Reputation
8. IP and copyright
9. Overseas operations

During the financial year ended 28 February 2018, the Principal Risks have not changed substantially. The launch of the Bloomsbury 2020 digital resource growth strategy increases the focus on developing the sales of digital resources, which changes the significance rather than the nature of the risk labelled as "Growth of digital".

Brexit risks

The risks relating to Britain's exit of the European Union ("EU") are not considered Principal Risks to Bloomsbury. Bloomsbury is exposed to fluctuations in the value of sterling, in particular:

- a substantial proportion of sales are made outside the UK, mainly in US dollars; and
- paper for printed books is sourced outside the UK so the price paid in sterling depends on the value of sterling.

Each of these factors tends to negate the other over time, albeit Bloomsbury's paper purchase contracts typically fix the price for a period of time, which delays the full financial impact of exchange rate movements being reflected in the Income Statement. The business has capacity to adapt to longer term changes in exchange rates by shifting its focus between different global regions in the selection of works to publish, through marketing efforts and in the location of where it employs staff.

The level of sales into Continental Europe are minor to Bloomsbury's Group revenue. Whilst there is uncertainty as to whether Brexit will positively or negatively impact on Bloomsbury's EU sales, Brexit is not expected to have a major impact on Bloomsbury.

Key area	Risk	Description	Mitigation
1. Market	*Volatility of consumer book sales*	Sales of books to the consumer market can be seasonal and volatile.	Develop special interest, academic and professional publishing where revenues are less volatile. Develop other revenue streams, including from rights and services, increasing the scope to enter annually renewing agreements.
	Increased dependence on internet retailing	Readers might not discover, and so buy, Bloomsbury's print and e-books sold through internet retailers who may control discoverability.	Grow expert marketing teams skilled in internet sales. Engage with multiple internet retailers. Increase focus on developing other marketing opportunities and other revenue streams, e.g. Academic & Professional digital products, rights and services.

Risk Factors

Key area	Risk	Description	Mitigation
2. Rights and services	*Dependence on timing of closing rights and services deals*	The timing for completing high margin rights and services deals can depend on the performance by multiple parties including the main customer.	Increase the number of rights and services deals to reduce the dependency on individual deals.
	Generating new/ non-renewal of subscription and services agreements	The pipeline of new products and agreements might be uneven.	Increase the portfolio of products and agreements to grow income and reduce the dependency on individual agreements.
		A customer or partner might not renew larger agreements that generate significant ongoing income.	Senior managers are responsible for ensuring strong performance by Bloomsbury of its obligations and strong customer care.
	Entrepreneurial risk	A deal may require upfront staff time and costs but fail to close, resulting in lost investment.	Similar to ordinary publishing risks: increase the portfolio of deals to leverage economies of scale and reduce volatility.
3. Financial valuations	*Judgemental valuation of assets and provisions*	Significant assets and provisions in the balance sheet depend on judgemental assumptions e.g. goodwill, advances, intangible rights, inventory and returns provisions.	Consistent and evidence-based approach to assumptions. Board approval of key assumptions. Rigorous audit of valuations.
4.Information and technology systems	*Productivity of IT systems and data*	Continuing to improve staff efficiency depends on the IT systems and data keeping pace with the needs of the business.	Board level representation on steering IT strategy, implementation and IT operations.
	Cybersecurity	Unauthorised access could be made to Bloomsbury's systems to perpetrate a fraud or cause damage.	Clear responsibility for systems, increasing use of the cloud, monitoring security risks, internal control reviews of the systems and up-to-date anti-virus software are amongst the measures in place.
5. Growth of digital	*Digital development*	Unforeseen hold-ups may delay development of new online content services and revenue for the services may not grow in line with our stretching targets.	Develop high-quality online content services in markets we understand well. Standardise the digital delivery platform to simplify and speed up the development and implementation of new online content services.
	Development of the digital book market	Consumer e-book prices may not hold up in the longer term. Possible emergence of not yet known reading technology.	Continue to supply books in all formats through multiple digital delivery systems aligned with the demands of readers. Ensure the Group is positioned to take advantage of e-book (or any new format) growth in international markets. Use social media and other digital marketing to encourage direct sales to consumers. Develop Non-Consumer offering where revenues are less volatile and there is a direct relationship with the customers.

Key area	Risk	Description	Mitigation
5. Growth of digital (cont.d)	*Rise of alternative book supply arrangements*	US readers may licence books from retailers for a limited period at a lower cost to buying books, with no revenues or royalty paid to the publisher.	Develop digital platforms to deliver, on a subscription basis, the content that readers demand.
6. Title acquisition	*High advances sought by agents.*	Agents seek high advances for some authors.	Publish more special interest trade books.
	World rights not acquired	Agents prefer to split territorial rights for English language publishing between US and UK.	Focus acquisition on titles where world English rights are available. Concentrate on academic publishing where world rights are the norm.
7. Reputation	*Product and service quality*	Errors in books and digital content.	Careful selection and rigorous review of titles by broad teams of experienced publishers, and planning of the title pipeline to focus on publishing strengths. Rigorous production procedures and planning of titles and digital resource content.
	Information security	Being hacked and theft of intellectual property e.g. key illustrations before publication.	Security awareness in teams and additional security measures to protect high value assets and data.
	Investor confidence	City confidence undermined by events outside of Bloomsbury's control e.g. collapse of a retailer.	Diversify the portfolio of products and services to reduce dependencies on individual customers, sales channels and markets.
8. IP and copyright	*Erosion of copyright*	Erosion of traditional copyrights.	Continue policy of support for copyright and intellectual property rights as a fundamental facet of publishing.
		Open access.	Develop digital services that deliver mixed open access and proprietary content in the form that customers demand and will continue to pay for.
	Piracy	Piracy of titles in print or digital form.	Adopt robust anti-piracy policies. Ensure good digital rights management protection of e-books and digital formats. Participate in key industry anti-piracy initiatives.
9. Overseas operations	*Overseas offices*	Growing offices in the US, India and Australia may increase the operational risks and demands on management.	One Global Bloomsbury structure of global publishing divisions supported by Group functions provides an effective internal control framework and oversight of the overseas offices. Keep under review the management resources deployed within this structure as the business evolves.

Corporate Responsibility

The following section provides an outline of Bloomsbury's work as a good corporate citizen.

Our literary and literacy heart

Bloomsbury's core business is the worldwide promulgation and promotion of literature, literacy and information for readers of all ages, which has a high social value. The Group has a significant beneficial social impact globally through sales of e-books and print books and access to online resources that are embraced by many adults and children in all walks of life.

Our ethos

We aim for integrity in all our activities, consider our impact on society and the environment and maintain high ethical standards. This is key to our commercial success and ability to deliver good returns to our Shareholders, which depends on attracting and retaining talented authors who want us to publish them and on products for which there is a significant demand.

The Board recognises that the achievements of the Group have depended upon the high standards of social responsibility demonstrated by the Directors and employees for more than 30 years. The Board takes account of the relevant social, environmental and ethical issues and associated risks and opportunities to the Group's short-term and long-term value. The Company continues to be included in the FTSE4Good index.

Board review

The Board has instigated annual reviews, as separate items on the agenda, for the Group of the environmental impact of the business and of Health and Safety. For example, following the Board's review, the business implemented monitoring of the proportion of Forest Stewardship Council certified sourced paper used in Bloomsbury's books worldwide and internal reporting metrics for air-freight used for shipping books because of the increased level of CO_2 this causes. The Board has considered areas such as how Bloomsbury can reduce overall greenhouse gas emissions in the supply chain for books and the overall environmental impact of flexible working by staff.

Community

Bloomsbury has a significant direct beneficial impact on the community through its commercial activities. Our publishing teams share a common passion for promoting the enjoyment of reading and high-quality literature that is often cutting edge and provides new authors with opportunities to establish themselves. We have a substantial Children's division focused on promoting literacy for young readers of all abilities and ages, including specialist ranges for "Hi-Low" pupils (high age, low attainment) which provide parents and teachers with the tools needed to engage their children in reading.

Support by Bloomsbury

In addition to our direct commercial activities and with a focus mainly on promoting literature, literacy and education, we actively support numerous organisations worldwide including schools, universities, libraries and other good causes and charities. The following examples illustrate the range of our support worldwide:

Corporate volunteering and educational development

- During the year Bloomsbury responded to a letter from an inmate of an HM prison requesting books and donated a consignment of Hart Publishing and Bloomsbury Professional books to their prison library. Previously, our collaboration between Methuen Drama and Prison Reading Groups has supported and encouraged the reading of plays by the inmate community within HM prisons, e.g. by providing gratis copies of the books and arranging for playwrights and authors to visit the prisons to run drama workshops.
- Our Australia office supports the Indigenous Literacy Foundation with fundraising and time given for administrative support.
- We provide work experience days and weeks for secondary school pupils, have sponsored achievement prizes for students within US and UK universities, invite students to visit us for presentations on working in publishing and support careers fairs for students to promote publishing as a career.
- Bloomsbury's Chief Executive is President of Book Aid International that gifts approximately 500,000 books a year to libraries in Africa.

Corporate donating

- We generally do not make cash donations or, where we do, make only a small number of targeted minor cash donations predominantly to not-for-profit organisations that support literature, literacy and education. This year, reflecting the Company's strong profit performance, we have made exceptional donations of £24,390. The beneficiaries were chosen by our employees through a separate online poll in the UK, US and India.
- Our US, UK and Australia offices donate, or provide at a reduced cost, a substantial quantity of books and games each year, which includes donations of mainstream titles to schools, libraries and organisations supporting education, e.g. our US office donated over 200,000 children's books to the Soho Center that promotes quality childcare nationally with a special focus on children's literacy, school readiness, and school success and our UK office donated over 60,000 educational books to Book Aid International. Out of many smaller examples, our UK offices donated books as prizes for children participating in an anti-poaching education scheme in South Africa; our US office donated books to First Book promoting equal access to education for those in need; and our Australia office donated books to support a growing charity with a mission that "No child should be left behind in literacy".

- Other donations of books and Osprey games worldwide have been to good causes not related to literature and education such as Barnardos, Oxfam, the Red Cross, the Salvation Army and smaller organisations local to our offices worldwide e.g. our London office donated books to help the Grenville Tower tragedy relief fund and our Adlard Coles Nautical imprint donated sea-related books to the RNLI for fundraising.
- The Bloomsbury Institute (the events function of Bloomsbury) organises charitable fundraising events such as for Book Aid and to celebrate International Women's Day, with guest speakers who have included Bob Geldof, William Boyd and Aminatta Forna. Our Writers & Artists team has organised writing masterclasses to raise money for Book Aid International.
- We support good causes that promote literacy and literature, e.g. we are a sponsor and partner with World Book Day, which was established by UNESCO to promote reading amongst children and adults, and our Australia office has supported a major award that celebrates Australian women's writing.

Support by employees of Bloomsbury

We encourage the spare time involvement of staff worldwide in supporting good causes and in the promotion of literature, literacy and education. These voluntary activities by employees are often directly or indirectly assisted by the business and by Bloomsbury colleagues. Examples of the many such activities recently undertaken are as follows:

Staff volunteering

- A significant number of our employees worldwide, both through a Bloomsbury coordinator and privately, are involved in formal volunteer reading schemes and regularly attend schools in the UK and the US. These provide supervised reading support to young readers, often from disadvantaged backgrounds where their opportunities to develop reading skills may be hindered.
- Bloomsbury employees attend schools and colleges to give talks that have included on careers, such as in digital publishing and IT, and on reading skills required in the workplace. They have also assisted young people with interview practice, career mentoring and school magazines. They are unpaid public speakers at presentations, have published articles and hosted discussions on publishing topics and are volunteers for literary festivals and societies for young publishers. Bloomsbury employees also support primary schools e.g. giving classroom talks on writing.
- Many employees worldwide are involved in their local communities typically promoting literacy, literature and education, such as by sitting on committees, as governors of schools, by supporting special interest groups and as trustees and supporters of publishing industry and arts voluntary organisations, e.g. a UK employee is a trustee of a book trade charity; and US employees support various organisations such as a not-for-profit bookstore helping the homeless and in the fight against HIV and AIDS.
- The main Board Directors commit significant spare time outside of work to book-related charities, not-for-profit organisations and higher education.

In our offices worldwide the employees volunteer regularly to assist good causes unrelated to publishing e.g. in the UK they are Samaritans and worldwide they provide spare time support for homeless, sick and vulnerably housed adults and children.

Staff donating

Bloomsbury employees worldwide often call on their colleagues for fundraising sponsorship such as with marathons, cake sales and many other employee-inspired activities. Our offices will put up teams to participate in events, e.g. Bloomsbury's netball team raises money for good causes and charities; our US office participates in a food drive for hunger by donating canned goods and non-perishables to the Food Bank of New York City; an Australian office employee participated in Diabetes Walk for Cure; and groups of employees arrange visits to charity centres at Christmas to sing carols.

Diversity

We have a diverse workforce and management team led by a gender diverse Board. The majority of senior managers and employees worldwide in the Group are women. As at 28 February 2018 the number of employees by each sex is:

	Female	Male
All employees of the Group[1]	435 (69%)	192 (31%)
Senior managers of the Group[2]	5	2
Directors of the Group parent Company	2	6

[1] Excludes workers who are freelance consultants and temps.

[2] Includes the heads of publishing divisions, Group functions and country heads who are not Executive Directors on the parent Company Board.

Employment KPIs

The senior management team monitors staff-related KPIs (e.g. joiners and leavers) but the Group does not disclose all of these for commercial reasons that are in the interests of the Shareholders. Management considers the business has a low rate of staff turnover, especially amongst the team of skilled publishers.

Employees and human rights

We recognise that people are a key asset and employment policies are directed at creating a workplace that attracts, motivates, develops and retains high calibre employees.

Supported by territory heads of human resources, the managing directors of the publishing divisions, the heads of each Group function and managing directors of regional offices have responsibility for the employment matters (including human rights) of their teams. The Chief Executive has overall Board-level responsibility for employment matters. For example, where employment matters have a Group-wide impact or cannot be resolved at a lower level in the business then they may be referred to the Chief Executive.

Corporate Responsibility

Key features of the Group's employment policies and practices are:

* **Openness**: Bloomsbury provides a high degree of openness and transparency on its activities and performance through information provided to employees. Employees are kept updated frequently on sales, book releases, project achievements, internal newsletters, corporate news and feedback from external media and other sources. The Bloomsbury Institute arranges regular events, which enable staff to meet socially. Weekly and other regular team meetings and internal annual conferences bring employees together from across the Group's worldwide sites allowing team members to formally and informally share information about the business and develop strong working relationships.
* **Engagement**: we promote a friendly collegiate culture in which employees are encouraged to discuss their concerns and issues with their line managers and senior colleagues. The senior management team meets frequently to discuss employee matters and is supported by regular operational meetings attended by managers covering all of the Group's worldwide sites.
* **Ethical behaviour**: we expect employees, Directors, subcontractors and others to exercise the highest ethical standards at all times in respect of the relationships and dealings that Bloomsbury has with other third parties. Bloomsbury at www.bloomsbury-ir.co.uk publishes:
    - Whistleblower procedures, which it publishes to enable employees, other categories of workers and third parties to have their concerns confidentially addressed; and
    - Ethical behaviour Group policies such as for anti-bribery and corruption, dealing in Bloomsbury shares and anti-slavery and human trafficking. Compliance with these policies is an employment term with Bloomsbury.
* **Employee development**: Bloomsbury is acquisitive and has benefited from an intake of high calibre entrepreneurs who support the Group's capacity to innovate. The Group develops its management structure to serve the changing needs of the business. This creates opportunities for suitably high calibre individuals to progress to increasing levels of seniority as they gain capabilities and expertise. External recruitment is supported by territorial Human Resources functions, enabling vacancies across sites worldwide to be filled internally where employees of an appropriately high calibre seek new opportunities.
* **Performance and merit:** senior employees agree personal objectives and are rewarded based on performance determined by business results and appraisals. Senior managers are accountable for the performance of their teams and determine the most appropriate approach to performance management for each team. Promotions and external recruitment are based on merit and ensure that the most suitable person is selected for each position.
* **Employee participation**: the Group offers UK employees the opportunity to participate in an all employee HM Revenue & Customs approved Sharesave scheme to encourage employee participation in the performance and growth of the Group. High performing senior managers may also be eligible to participate in the Company's Long Term Incentive Plan.
* **Flexible working**: we encourage family-friendly working practices such as flexible working hours and recognise that experienced employees returning to work following maternity, paternity or other career breaks are an asset.
* **Equality of opportunity**: Bloomsbury has a diverse workforce and follows a policy that no employee or other person receives more or less favourable treatment on the grounds of gender, sexual orientation, colour, race and ethnic origin, nationality, religion, disability or age. This extends to any person known to be HIV positive. The Human Resources function monitors compliance with the policy and with applicable legislative requirements to ensure the equality of opportunity in the recruitment, selection and promotion of employees. Grievance and disciplinary procedures protect employees from discriminatory behaviours and attitudes.
* **Disabled persons**: Group policy is to offer equal treatment in respect of the recruitment, training, career development and promotion of disabled persons. Should people become disabled during the course of their employment, the Group will seek to retain their services and to provide retraining where necessary.
* **Human rights**: Bloomsbury is committed to meeting its responsibility to respect human rights. The regional Human Resources managers monitor for human rights issues and ensure any remedial action that is needed is taken promptly. Bloomsbury is committed to complying with employment and other legislation applicable to the locations in which it employs people, ensuring the human rights of individuals are protected.

Health and safety

The Group Company Secretary reporting to the Chief Executive in respect of Health and Safety ("H&S") heads an H&S team that ensures Group-wide compliance with H&S policy. At least annually, the main Board and senior team review H&S including risks assessments, developments and incident reports. The H&S team works closely with management and employees to ensure that the H&S policy is effectively communicated, implemented and maintained across the business. Managers of the worldwide sites are accountable for ensuring their areas of the business are in compliance with H&S policy.

The Group maintains H&S risk assessments and accident books for all its locations worldwide (including where there is no local legal requirement to do so) and staff are encouraged to report all accidents or near misses.

During the year there were no serious injuries, fatalities or reportable incidents. Accidents have typically included infrequent bumps and scalds from hot drinks associated with the office environment.

Environment

The Board recognises that a responsible approach to the environment is attractive to the Group's existing and prospective stakeholders. Customers can require Bloomsbury to demonstrate that the Group is a good corporate citizen during the tender process for new and existing contracts.

The Executive Committee (which consists of the Executive Directors and the managing directors of the publishing divisions and Group functions) have responsibility for environmental matters of their teams. These people report to the Chief Executive who has overall Board level responsibility for environmental matters and issues.

The impact on the environment of our business predominantly arises from the activities the Group subcontracts to its suppliers including the printing, production, distribution, recycling and disposal of printed books. Bloomsbury also has office-based editorial, product development, sales and administrative activities, which operate through an employee workforce based at offices in the UK, the US (New York), India (New Delhi) and Australia (Sydney).

Our policy is to reduce both the financial cost to the business and the impact of the business on the environment. We employ specialist independent external advisors, Trucost, to monitor our impact on the environment. Key areas where we are active in reducing the direct and indirect environmental impact of the business include:

Print on demand: changes in technology and the print supplier base are increasingly making it economic to print books at the time and in the quantity needed for sale rather than bulk printing and holding as warehouse stock. This reduces the CO_2 generated by pulping, recycling and transporting unsold books.

Online print: we are increasingly moving to e-books and online products that have very little environmental impact and will save on using natural resources. Our strategy embraces digital publishing and the potential benefits this may bring to the environment. However, we recognise that each physical book on a bookshelf represents a significant quantity of captured carbon so that the interplay between electronic and physical books on the environment is more complex.

Book manufacture: We are committed to reducing the environmental impact of our products and to controlling the materials used to produce them. To that end, we work only with FSC and PEFC-accredited suppliers, and we use FSC materials for over 90% of the Group's output. Where FSC-accredited materials are not available we specify alternatives from known and reputable sources. We make regular trips to suppliers' factories to monitor their recycling and other locally relevant environmental initiatives. These visits also provide an opportunity to view employment practices at first hand, including employee minimum age and working conditions. Other required accreditations to act as a supplier to the Group are ISO 9001 and ISO 14001. Where the manufacture/handling of novelty items is involved, e.g. on our Children's and Games lists, we require ICTI accreditation.

Building and office facilities: most of our employees travel to work by public transport and we support part-time and homeworking. We provide bicycle storage for staff who ride to work. For most employees we have implemented separate recycling bins for different waste materials so that a significant proportion of our office waste is recycled. Lights are generally fitted with motion detectors and our office policy is to turn off lights out of hours when not in use.

We have previously taken advice from the Carbon Trust and continue to apply their recommendations to reduce our carbon footprint. For example, we use point-of-use instead of bottled water coolers, fit energy efficient lamps, ensure heating systems are regularly maintained and programmed efficiently and turn off unnecessary electrical equipment out of hours, amongst other measures.

Greenhouse gases

Our independent external advisor, Trucost, has calculated the tables overleaf based on data we have provided. We report on our waste production and greenhouse gas emissions aligning with the 2006 Government Guidelines; Environmental Key Performance Indicators: Reporting Guidelines for UK Businesses. In respect of greenhouse gases, we report consumption of natural gas, vehicle fuel and electricity in kWh, converted to CO_2e following the protocols provided by the Department for Environment, Food and Rural affairs ("DEFRA"). Emissions have been categorised against the Greenhouse Gas Protocol scopes of reporting. This information is unaudited and is shown in the tables below.

Corporate Responsibility

Environmental targets

We aim to beat the greenhouse gas and waste production normalised tonnes per £million revenue averaged for the previous two years. By setting such a target we are focused on continuously increasing our efficiency at using natural resources.

Our direct operations are predominantly office-based and have been independently assessed as having a low impact on the environment. The Group's consumption of natural resources, although relatively minor, is significantly impacted by ambient weather conditions beyond our control and by the buildings we lease.

During the year the business beat its target for the overall level of emissions of CO_2 from our offices worldwide. Analysis of the reasons indicates the reduction in emissions arose from:

- Better data – more granular emission factors becoming available
- Virtualisation as the business migrates more of the IT computing resources to the cloud
- Less use of company cars
- Reduced need for air-conditioning in the head office
- Emissions rising slower than growth in revenues

Scope 1 Direct Impacts

			Quantity				Target
			Absolute tonnes CO_2e		Normalised tonnes CO_2e per £m revenue		Normalised tonnes CO_2e per £m revenue
Greenhouse gases	Definition	Data source and calculation methods	2017	2018	2017	2018	2018
Stationary fuel use	Emissions from natural gas and diesel consumption in utility boilers.	Annual consumption in kWh collected from fuel bills, converted according to DEFRA guidelines for the London office (Headquarters). Data scaled up by number of employees to estimate emissions for Dublin and Edinburgh serviced offices. Natural gas was not used in the US, India and Australia offices. This year the India office has diesel consumption in utility boilers.	30	**33**	0.21	**0.20**	**0.2**
Refrigerants	Emissions from refrigerant leakage.	No refrigerant used in 2017/18 financial year.	9	**–**	0.06	**–**	**0.1**
Company cars	Emissions from petrol and diesel consumption.	Annual consumption in litres calculated from fuel bills for the UK and India. Converted according to DEFRA guidelines. There are no company cars in the Australia and US offices.	39	**16**	0.27	**0.10**	**0.3**
Total Scope 1			78	**49**	0.54	**0.30**	**0.6**

Scope 2 Impacts

Greenhouse gases	Definition	Data source and calculation methods	Quantity: Absolute tonnes CO_2e 2017	Absolute tonnes CO_2e 2018	Normalised tonnes CO_2e per £m revenue 2017	Normalised tonnes CO_2e per £m revenue 2018	Target: Normalised tonnes CO_2e per £m revenue 2018
Electricity use	Directly purchased electricity, which generates greenhouse gases.	Annual consumption of directly purchased electricity in kWh collected for the London, Alton, Haywards Heath, Oxford and Indian offices. Data scaled up by the number of employees to estimate emissions for the operations in the rest of the UK, US and Australia offices. kWh data converted according to DEFRA, EPA and IEA guidelines.	494	**319**	3.47	**1.98**	
Scope 2 MBE	Market Based Emission for purchased electricity.	Calculated by using purchased electricity data in kWh and residual mixes for UK and US. For India and Australia, location based emission factors are used from IEA guidelines.	598	**339**	4.19	**2.10**	
Total Scope 2			494	**319**	3.47	**1.98**	**4.3**

Indirect Impacts

Water	Definition	Data source and calculation methods	Quantity: Absolute cubic metres 2017	Absolute cubic metres 2018	Normalised cubic metres per £m revenue 2017	Normalised cubic metres per £m revenue 2018	Target: Normalised cubic metres per £m revenue 2018
Water consumption	Directly purchased water.	Annual volume of water purchased provided for the London, Oxford and India offices. Disclosed UK data was scaled up using number of employees to estimate water consumption in the rest of the UK, US and Australia offices.	5,115	**7,239**	35.88	**44.82**	**41.4**

Waste	Definition	Data source and calculation methods	Quantity: Absolute tonnes 2017	Absolute tonnes 2018	Normalised tonnes per £m revenue 2017	Normalised tonnes per £m revenue 2018	Target: Normalised tonnes per £m revenue 2018
Landfill	General office waste (which includes a mixture of paper, card, wood, plastics and metals) sent to landfill sites.	Annual quantity of waste generated in the London, Oxford and India offices are provided. UK disclosed data scaled up to estimate quantity for operations in the rest of the UK, US and Australia offices.	76	**50**	0.53	**0.31**	**0.56**
Recycled	General office waste sent to recycling facilities.	Annual quantity of waste generated in London, Oxford and India offices are provided. UK disclosed data scaled up to estimate quantity for operations in the rest of UK, US and Australia offices	53	**63**	0.37	**0.39**	**0.40**

Board of Directors

The Directors and Officers serving during the year were as follows:

Chairman
Sir Richard Lambert

Non-Executive Chairman

Sir Richard Lambert joined the Bloomsbury Board as an Independent Non-Executive Director in July 2017. He was appointed as Chairman of the Board, Chair of the Nomination Committee and a member of the Remuneration Committee on joining. Sir Richard is Chairman of the British Museum. He is also a Member of Council for Chatham House, the Royal Institute of International Affairs. Sir Richard joined the Financial Times after reading history at Balliol College, Oxford. He was editor of the Lex column, became New York bureau chief, and thereafter deputy editor. He was Editor of the Financial Times from 1991 to 2001. He has served as a member of the Bank of England Monetary Policy Committee from 2003 to 2006, Director General of the CBI from 2006 to 2011, interim Chairman of The Banking Standards Review Council from 2013 to 2014, Chancellor of the University of Warwick from 2008 to 2016 and the senior independent member of the Foreign and Commonwealth Office's Supervisory Board from 2012 to 2017.

Executive Directors
Nigel Newton

Founder and Chief Executive

Nigel Newton was born and raised in San Francisco. He read English at Cambridge. After working at Macmillan Publishers, he joined Sidgwick & Jackson. He left Sidgwick in 1986 to start Bloomsbury. Bloomsbury floated on The London Stock Exchange in 1994 and has grown organically and through acquisitions and partnerships. Bloomsbury publishes 2,500 books a year from its offices in the UK, US, India and Australia.

Nigel Newton serves as President of Book Aid International, member of the Man Booker Prize Advisory Committee and Trustee of the International Institute for Strategic Studies. He is Chairman Emeritus of the Charleston Trust, past Chair of the British Library Trust, past Chair of World Book Day (2006), past member of the Publishers Association Council and Member of the Advisory Committee of Cambridge University Library.

Wendy Pallot

Finance Director

Wendy Pallot is a Chartered Accountant who qualified with Coopers & Lybrand. She was Group Finance Director for GCap Media Plc, the UK's leading commercial radio operator which was listed on the UK Main Market, from 2005 until its sale in 2008. She was Group Finance Director of GWR Group plc, a leading UK listed radio operator, from 2001 until its merger with Capital Radio plc in 2005 to form GCap Media Plc. Wendy Pallot is the chair and one of the co-founding directors of a company operating a number of local radio stations. She is also a Governor of the Central School of Ballet.

Richard Charkin

Executive Director

Richard Charkin joined the Bloomsbury Board as an Executive Director in October 2007 (and stepped down in May 2018). He began his career in 1972 as Science Editor of Harrap & Co. He has since held senior roles at Pergamon Press, Oxford University Press, Reed International/Reed Elsevier, Current Science Group and has been Chief Executive of Macmillan Publishers Limited and Executive Director of Verlagsgruppe Georg von Holtzbrinck. His other publishing interests include being a Non-Executive Director of the Institute of Physics Publishing, Non-Executive Director of Liverpool University Press, Visiting Professor at the University of the Arts London, and Honorary Senior Research Fellow at University College London. He is Chairman of the Common Purpose Charitable Trust and is a member of the Advisory Board of the Frankfurt Book Fair. He was President of the UK Publishers Association (and remains on its Council) and the International Publishers Association and a Non-Executive Director of Melbourne University Publishing. He studied Natural Sciences at Trinity College Cambridge, was a Supernumerary Fellow of Green College, Oxford, and attended the Advanced Management Program at the Harvard Business School.

Jonathan Glasspool

Executive Director

Jonathan Glasspool was appointed to the Bloomsbury Board in July 2015. He joined Bloomsbury in 1999 and is Managing Director of Bloomsbury's Academic & Professional publishing division. Jonathan is Chair of the Industry Advisory Board at Oxford Brookes University, a Trustee of Publishing Training Centre, a member of the Commercial Board of the ICAEW, a member of the Academic & Professional Board of the Publisher's Association, Chair of Federation of British Artists and Governor of Bath Spa University. He has held roles in publishing with Reed Elsevier in the UK and Asia, the Chartered Management Institute, and Cambridge University Press. Jonathan has a first class degree in English from Trinity College, Oxford, an MA in English from Bristol University and an MBA with Distinction from Warwick Business School.

Non-Executive Directors
John Warren

Senior Independent Director
Chair of the Audit Committee

John Warren joined the Bloomsbury Board in July 2015 and is the Senior Independent Director, the Chair of the Audit Committee and the member with recent and relevant financial experience. He is a Chartered Accountant (FCA) and has a wealth of non-executive and audit committee chairmanship experience with companies including Rexam Plc, Spectris plc, Welsh Water, Greencore Group plc, 4imprint Group plc and Bovis Homes Group PLC. As an executive director he was Group Finance Director of WH Smith PLC and before that United Biscuits (Holdings) Plc.

Jill Jones

Independent Non-Executive Director
Chair of the Remuneration Committee

Jill Jones joined the Bloomsbury Board in July 2013 and is the Chair of the Remuneration Committee. She was Managing Director of McGraw-Hill Education, Europe, Middle East and Africa, until 2016, and from 2008 until 2012 she was President and CEO (EMEA) of Cengage Learning EMEA, a leading digital information and print services global provider for teaching, learning and research solutions. Before this, she held positions in Pearson Education, Thomson Learning, Longman and Prentice Hall. Jill has worked in Higher Education and Schools textbook and revision publishing, English Language Teaching and reference publishing including the development of large electronic and primary source material databases. She is a former Council Member of the Publishers Association and former Chair of the Academic Publishers group at the Publishers Association. Jill holds a BA Hons First Class (Geography) from University College London, and a Post Graduate Certificate in e-business from the University of British Columbia, Canada.

Steven Hall

Independent Non-Executive Director

Steven Hall joined the Bloomsbury Board in March 2017. He is managing director of IOP Publishing, a leading publisher of scientific books, journals and websites and has worked in academic publishing for almost 40 years. He has extensive experience of digital publishing and has led the development of pioneering online content databases. He is a member of the Academic, Professional and Learning Publishers Council of the UK Publishers Association and regularly represents the publishing industry to government and policymakers in the UK and overseas. He served for six years on the board of the International Association of STM Publishers, in his final year as chair, and was one of three publisher members of the UK's "Finch" group.

Board Officer
Michael Daykin

Group Company Secretary

Michael Daykin is a graduate Chartered Company Secretary (FCIS), Chartered Accountant (FCA) and Certified Internal Auditor (CIA) and joined Bloomsbury in February 2011. He has held Group Company Secretary and senior risk management and finance roles in a number of UK Main Market listed companies. He is Bloomsbury's Head of Internal Audit, Group Data Protection Officer and Chair of the Trustees for A & C Black Retirement and Death Benefit Scheme.

GOVERNANCE

Membership of Board Committees

Committee	Members		Date appointed	Date resigned
Board	Sir Richard Lambert	Chairman of the Board	18 July 2017	
	Sir Anthony Salz	Chairman of the Board	29 August 2013	18 July 2017
	Nigel Newton	Chief Executive	11 May 1986	
	Richard Charkin	Executive Director	1 October 2007	
	Wendy Pallot	Finance Director	8 April 2011	
	Jonathan Glasspool	Executive Director	23 July 2015	
	Jill Jones	Independent Non-Executive Director	23 July 2013	
	John Warren	Senior Independent Director	23 July 2015	
	Steven Hall	Independent Non-Executive Director	1 March 2017	
Audit Committee	John Warren	Chair of the Committee	23 July 2015	
	Jill Jones		23 July 2013	
	Steven Hall		1 March 2017	
Remuneration Committee	Jill Jones	Chair of the Committee	23 July 2013	
	Sir Richard Lambert		18 July 2017	
	Sir Anthony Salz		29 August 2013	18 July 2017
	John Warren		23 July 2015	
Nomination Committee	Sir Richard Lambert	Chair of the Committee	18 July 2017	
	Sir Anthony Salz	Chair of the Committee	29 August 2013	18 July 2017
	Nigel Newton		20 September 2014	
	Jill Jones		23 July 2013	
	John Warren		23 July 2015	
	Steven Hall		1 March 2017	

* Sir Anthony Salz was appointed as Chair of the Nomination Committee from 9 July 2014.

Directors' Report

The Directors present their report and the audited financial statements for Bloomsbury Publishing Plc and its subsidiary companies (the "Group") for the year ended 28 February 2018. Bloomsbury Publishing Plc is a company incorporated in England and Wales, company number 01984336, with its principal place of business and registered office at 50 Bedford Square, London WC1B 3DP. Bloomsbury Publishing Plc is a company listed on the Main Market of the London Stock Exchange subject to the Listing Rules and Disclosure and Transparency Rules of the Financial Conduct Authority.

Strategic Report

In accordance with the Companies Act, the Strategic Report on pages 1 to 33 provides a fair review of the Group's business and a description of the principal risks and uncertainties facing the Group. It contains information on the Group's performance, business model and strategy. A summary of the Group's corporate responsibility activities is contained in the Corporate Responsibility section.

Overseas activities

The Group has overseas subsidiaries that are based and operate in North America, Australia and India. These subsidiaries allow locally employed teams to deliver services locally to authors and customers. Employees from all Bloomsbury offices can be involved in business development and travel to various countries worldwide.

Results

The Key Performance Indicators for the Group include profit before tax and highlighted items, revenue, and profit before tax, which are set out in the Financial Review section. Profit after tax for the Group's operations for the year was £9.1 million (2017: £7.4 million).

The Directors recommend a final dividend of 6.36 pence (2017: 5.60 pence) per share payable on 24 Aug 2018 to Shareholders on the register at the close of business on 27 July 2018. The dividends paid and proposed by the Company for the year ended 28 February 2018 and year ended 28 February 2017 are as follows:

Dividend	Dividend per share	Total dividend	Record date	Paid/payable date
2018 Final (proposed)	6.36p	£4.7m	27 July 2018	24 August 2018
2018 Interim	1.15p	£0.9m	3 November 2017	30 November 2017
Total	7.51p	£5.6m		
2017 Final (proposed)	5.60p	£4.2m	25 August 2017	20 September 2017
2017 Interim	1.10p	£0.8m	4 November 2016	30 November 2016
Total	6.70p	£5.0m		

Directors

The names of the Directors as at the date of this report, together with biographical details, are set out in the Board of Directors section. The Directors serving on the Board of the Company during the year were as follows:

	Date appointed in the year (if applicable)	Date resigned in the year (if applicable)
Non-Executive Chairman		
Sir Richard Lambert	18 July 2017	–
Sir Anthony Salz	–	18 July 2017
Independent Non-Executive Directors		
Jill Jones	–	–
John Warren	–	–
Steven Hall	1 March 2017	–
Executive Director		
Nigel Newton	–	–
Richard Charkin	–	–
Wendy Pallot	–	–
Jonathan Glasspool	–	–

Details of Directors' service contracts and Directors' interests in shares, awards and options are shown in the Directors' Remuneration Report. Other than as disclosed in the Directors' Remuneration Report, none of the Directors held any interest, either during or at the end of the financial year in any material contract or arrangement with the Company or any subsidiary undertaking. The terms of termination of the Directors' contracts are described in the Directors' Remuneration Report, which includes details of any agreements by which the Company would pay compensation to its Directors for loss of office, for loss of employment or would make payments in respect of a change of control of the Company.

Company policy is to appoint Directors to the Board on the recommendation of the Nomination Committee. This may be as part of the progressive refreshing of the Board, to reappoint a Director retiring by rotation, to fill a vacancy arising as a result of a retiring Director or as part of measures taken to enhance the skills, experience, capability and balance of the Board.

Directors retiring by rotation at an Annual General Meeting ("AGM") may offer themselves for re-election at the AGM. The Company's Articles of Association (the "Articles") require as a minimum:

- new Directors appointed by the Board must offer themselves for election at the next AGM;
- any Director who did not stand for re-election in either of the two preceding AGMs must retire by rotation at the next AGM; and
- one-third of Directors who have remained in office for the longest period since being elected or re-elected must retire by rotation at the AGM.

The Board applies the FTSE 350 best practice of the UK Corporate Governance Code and requires all Directors to stand for re-election.

The Chairman, on behalf of the Board, confirms that each Director proposed for re-election at the AGM continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for Board and Committee meetings and any other duties).

Directors' indemnities and insurance

In accordance with the Articles, Directors are granted an indemnity from the Company to the extent permitted by law in respect of liabilities incurred as a result of their office. The Group maintained insurance throughout the year for its Directors and Officer (the Company Secretary) against the consequences of actions brought against them in relation to their duties for the Group.

Director conflicts of interest

Procedures are in place to ensure compliance with the Directors' conflict of interest duties set out in the Companies Act 2006. These procedures have been complied with during the year and the Board considers that these procedures operate effectively. During the year, details of any new potential conflict matters were submitted to the Board for consideration and, where appropriate, these were approved. Authorised conflicts or potential conflict matters will be reviewed by the Board on an ongoing basis.

Charitable and political donations

The Group made charitable donations of £24,390 in respect of the year (2017: £3,500). Details of the non-cash support given by the charitable and voluntary activities of the Company are as set out in the Corporate Responsibility section.

No political donations were made by the Group during the current or previous year.

Financial instruments

Details of financial risk management are given in note 23.

Share capital and rights attaching to the Company's shares

The share capital of the Company comprises a single class of ordinary 1.25 pence shares ("Ordinary shares"). During the year the Company allotted new shares as follows:

	Fully paid Ordinary shares in issue
As at 1 March 2017	75,328,570
(There were no movements during the year)	–
As at 28 February 2018	75,328,570

As at the date of this Directors' Report, there were 75,328,570 fully paid issued shares, all listed on the London Stock Exchange, with a further 25,107,012 Ordinary shares that the Directors are authorised to issue.

Details of the issued share capital of the Company can be found in note 20 together with details of the shares, if any, issued and cancelled during the year.

No Ordinary shares carry special rights with regard to control of the Company. At a general meeting of the Company every member has one vote on a show of hands and on a poll one vote for each share held. The notice of general meeting specifies deadlines for exercising voting rights either by proxy or present in person in relation to resolutions to be passed at a general meeting.

Under the Articles, any share in the Company may be issued with such rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination, as the Directors may determine).

Directors' Report

No Shareholder is, unless the Board decides otherwise, entitled to attend or vote either personally or by proxy at a general meeting or to exercise any other rights conferred by being a Shareholder if he or she or any person with an interest in shares has been sent a notice under section 793 of the Companies Act 2006 (which confers upon public companies the power to require information with respect to interests in their voting shares) and he or she or any interested person failed to supply the Company with the information requested within 14 days after delivery of that notice. The Board may also decide to apply to the court for an order under section 794 of the Companies Act 2006 so that no dividend is payable in respect of those default shares and that no transfer of any default shares shall be registered. These restrictions end seven days after receipt by the Company of a notice of an approved transfer of the shares or all the information required by the relevant section 793 notice, whichever is earlier.

The Directors may refuse to register any transfer which is not a fully paid share, although such discretion may not be exercised in a way which the Financial Conduct Authority regards as preventing dealing in the shares of that class from taking place on an open and proper basis. The Directors may likewise refuse any transfer of a share in favour of more than four persons jointly.

The Company is not aware of any other restrictions in the transfer of Ordinary shares in the Company other than certain restrictions that may, from time to time, be imposed by laws and regulations (for example, insider trading laws); and pursuant to the Listing Rules of the Financial Conduct Authority whereby certain employees of the Group require approval of the Company to deal in the Company's shares.

The Company is not aware of any agreements between Shareholders that may result in restrictions on the transfer of the securities or voting rights.

Share dilution

In respect of dilution limits, the Company adheres to the "Investment Association principles of remuneration" issued in November 2017. In particular:

- The rules of the Company's Long Term Investment Plan ("LTIP") scheme ensure that;
  - commitments to issue new shares or reissue treasury shares under executive (discretionary) schemes do not exceed 5% of the issued Ordinary share capital of the Company (adjusted for share issuance and cancellation) in any rolling ten-year period; and
  - commitments to issue new shares or reissue treasury shares, when aggregated with awards under all of the Company's other schemes, do not exceed 10% of the issued Ordinary share capital (adjusted for share issuance and cancellation) in any rolling ten-year period.
- The Remuneration Committee ensures that appropriate policies regarding flow-rates exist in order to spread the potential issue of new shares over the life of relevant schemes so that the limit is not breached.

As set out below in this report, the Bloomsbury Employee Benefit Trust purchases shares in the market to be used for satisfying LTIP awards and other employee share options that vest.

Authorities to purchase shares, to allot shares and pre-emption rights

Notice of the 2018 Annual General Meeting and explanatory foreword set out:

- an ordinary resolution renewing the authority for the Directors to allot shares under section 551 of the Companies Act 2006;
- special resolutions renewing the authority given to the Directors to disapply statutory pre-emption rights under section 571 of that Act to allow shares to be issued for cash or treasury shares to be sold for cash on a non-pre-emptive basis; and
- a special resolution renewing the authority given to the Directors to purchase the Company's own shares on the stock market.

Employee Benefit Trust

The Bloomsbury Employee Benefit Trust ("EBT") purchases shares in the market to be used for satisfying LTIP awards and other employee share options that vest. During the year the EBT held Ordinary shares of 1.25 pence in the Company as follows:

	Fully paid Ordinary shares held by EBT
As at 1 March 2017	651,011
(There were no movements during the year)	–
As at 28 February 2018	651,011

As at 28 February 2018 and up to the signing of the report, the EBT held 651,011 Ordinary shares of 1.25 pence in the Company being less than 0.9% of the issued Ordinary share capital. The Trustee may vote on shares held by the EBT at its discretion, but waives its right to a dividend.

Share purchases of own shares

During the year, the Company made no purchases of its own shares.

As at the date of signing of this report, substantial shareholdings of 3% or more of the shares in the Company notified to the Company prior to signing of this report or per the share register analysed as at 30 April 2018 (being the latest practical date) are set out below:

	Ordinary shares number million	% issued shares[1]
Managed funds		
JO Hambro Capital Mgt	8.4	11.2
Charles Stanley (private clients)	8.1	10.7
Miton Asset Mgt	5.3	7.0
Majedie Asset Mgt	5.0	6.7
Liontrust Asset Mgt	4.3	5.7
Chelverton Asset Mgt	3.9	5.2
Hargreave Hale (private clients)	2.7	3.6
Hargreaves Lansdown Asset Mgt (private clients)	2.5	3.3

[1] Based on 75,328,570 issued shares.

Changes of control

The Group has established close relationships over a long period within the publishing markets in which it operates. It relies heavily on its goodwill and reputation and in particular on its reputation as an autonomous independent publisher with authors, customers and key employees that could be affected by a change of control.

The Company's share incentive schemes (see note 21 for further details of the share incentive schemes) contain provisions relating to a change of control of the Company following a takeover bid. Under these provisions, a change of control of the Company would normally be a vesting event, facilitating the exercise of awards, typically subject to the discretion of the Remuneration Committee.

Contracts and arrangements essential to the business

The Group has a diverse base of authors, customers and general suppliers so that its dependency on any one individual author, customer or supplier is reduced. Primarily for printed books, the Group develops longer term relationships with a reduced number of business partners, printers and distributors to maximise process efficiencies and economies of scale. Failure of a main supplier could temporarily disrupt the supply of books to market or result in increased cost of working whilst alternative arrangements are made.

The Group depends on its reputation which strongly influences authors and customers in their selection of publisher.

Future developments

The Group intends to continue to develop its range of publishing businesses and services. Although the primary focus of the Group is on organic growth, acquisitions in these areas of business will be considered.

Cautionary statement

Under s417 of the Companies Act 2006, a company's directors' report is required, among other matters, to contain a fair review by the directors of the group's business through a balanced and comprehensive analysis of the development and performance of the business of the group and the position of the group at the period end, consistent with the size and complexity of the business.

The Directors' Report together with all sections incorporated into it by reference has been prepared only for the Shareholders of the Company. Its sole purpose and use is to assist Shareholders to exercise their governance rights. In particular, the Directors' Report has not been audited or otherwise independently verified. The Company and its Directors and employees are not responsible for any other purpose or use or to any other person in relation to the Directors' Report.

The Directors' Report contains indications of likely future developments and other forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the sectors, countries and business divisions in which the Group operates. These factors include, but are not limited to, those discussed in the Risk Factors section. These and other factors could adversely affect the Group's results, strategy and prospects. Forward-looking statements involve risks, uncertainties and assumptions. They relate to events and/or depend on circumstances in the future that could cause actual results and outcomes to differ materially from those currently anticipated. No obligation is assumed to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Auditor

a) Reappointment of the Auditor

A resolution to reappoint KPMG LLP as Auditor will be proposed at the forthcoming Annual General Meeting.

b) Statement as to disclosure of information to the Auditor

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

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs as adopted by the EU") and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Directors' Report

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, www.bloomsbury-ir.co.uk. Legislation in the United Kingdom ("UK") governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Safe harbour

Under the Companies Act 2006, a safe harbour limits the liability of Directors in respect of statements in and omissions from the Strategic Report and the Directors' Report. Pages 1 to 139 of the Annual Report, and the front and back covers to the Annual Report, are included within the Directors' Report by reference and so are included within the safe harbour.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position and performance, business model and strategy.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Strategic Report and Directors' Report were approved by the Board on 22 May 2018.

By order of the Board

Michael Daykin
Group Company Secretary

Corporate Governance

The Board takes its responsibility to achieve sound governance of the Bloomsbury Group seriously and continuously maintains high standards of corporate governance that focus on serving the interests of the Shareholders.

Confirmation of compliance with the code

The UK Corporate Governance Code edition issued April 2016 (the "Code") is published on the Financial Reporting Council's website (www.frc.org.uk).

The Company has complied fully throughout the year with the provisions of the Code in addition to the Listing Rules of the Financial Conduct Authority.

The following sections provide information on how the Company has applied the Code principles and adhered to Code provisions.

Review of Bloomsbury by the Financial Reporting Council ("FRC")

In January 2017, the Chairman was notified that Bloomsbury's Annual Report and Accounts for the year ended 29 February 2016 had been reviewed by the Financial Reporting Council who indicated that, based on their review, there were no questions or queries that they wished to raise with the Company.

Board and the Directors

Board effectiveness

The Board is responsible to the Shareholders for ensuring that the Company is appropriately managed and that it achieves its objectives. The Board determines the strategy for the Group and sets and monitors targets for the management team to achieve the strategy.

The Board comprises the Independent Non-Executive Chairman, Senior Independent Director, a further two Independent Non-Executive Directors, the Chief Executive, the Finance Director and two further Executive Directors. The biographies of the Directors appear in the "Board of Directors" section of the Annual Report.

The agendas for all main Board meetings provide standing items for each Director to provide updates on areas of their responsibility and items for the chairs of each Board committee to update the Board.

The Board has approved the matters specifically reserved for consideration by the Board. The Board determines the responsibilities and authority of its committees, individual Directors and the level of authorities delegated to management. The Audit Committee, Nomination Committee and Remuneration Committee have terms of reference approved by the Board that can be found on the Company's website, www.bloomsbury-ir.co.uk.

Matters considered at Board meetings during the year have typically included:

- review and setting of strategy for the Company's operations;
- review of the management accounts, short and long-term forecasts, key performance indicators and full year forecasts;
- approval of the annual and interim results statements;
- review and approval of the annual budget;
- regular reports by the Chief Executive, proposals and updates on developing business operations, significant investments, major initiatives, other organisational changes, environmental impact of the business and health and safety;
- taking reports of the chairs of Board committees and minutes following committee and subcommittee meetings;
- review and approval of decisions, transactions and sensitive policies that are significant to the Company such as dividends, the organisational, legal and capital structure of the Company, acquisitions of literary titles, businesses and companies and major contracts;
- risk management and review of the risks of the Company; and
- evaluation of the effectiveness of the Board including the appropriateness of the terms of reference of Board committees.

There is a clear division of responsibilities at the head of the Company, with the Chairman responsible for the effective operation of the Board, encouraging the active participation of all Directors, and the Chief Executive responsible for the running of the Company's businesses. The Board has approved formal statements describing the role and remit of both the Chairman and Chief Executive, which further emphasise this division of responsibilities and can be found at www.bloomsbury-ir.co.uk.

The Executive Directors regularly hold formal meetings with senior managers as a management team to assist the Chief Executive in fulfilling his operational and strategic objectives. This management team makes recommendations to the Board and seeks approval from the Board where required. The Non-Executive Directors constructively challenge and help develop proposals on strategy and proposed corporate initiatives such as acquisitions at meetings specifically set up for the purpose attended by all Board members.

All Directors and Board committees have access to the advice and services of the Group Company Secretary, who is responsible for ensuring that Board procedures are followed and advising the Board, through the Chairman, on governance matters and best practices. Directors also have access to independent professional advice, if required, at the Company's expense.

The Chairman has held meetings during the year with the Non-Executive Directors without the Executive Directors present to discuss relevant matters.

Corporate Governance

Conflicts of interest procedures

A standing item on Board agendas at the start of meetings is for Directors to disclose their significant interests. The Board has reviewed the interests of the Directors and maintains a register of areas of potential conflict of interest for Directors. In accordance with the Board's formal policy, should a matter arise where there is a risk of a conflict in the Board discussing matters or making decisions then the Director affected by the conflict will absent themselves from the room whilst the matter is considered.

During the year there were no actual or potential conflicts of interest arising that required a Director to absent themselves from a Board meeting.

Director independence

The Board considers each of the Non-Executive Directors who served during the year to be independent in character and judgement and does not consider that there are any relationships or circumstances which affect, or could appear to affect, their independent judgement.

Board and committee attendance

The table below shows the attendance at main Board and committee meetings during the year ended 28 February 2018. Further meetings in addition to the figures included in the table below were convened during the year for subcommittees of Directors delegated by the Board to consider specific matters.

	Date appointed during the year	Date resigned during the year	Board	Remuneration	Audit	Nomination
Total number of meetings during the year			7	4	3	1
Executive Directors						
Nigel Newton (Chief Executive)	–	–	7	2†	3*	1
Richard Charkin	–	–	7	–	3*	–
Wendy Pallot	–	–	7	1†	3*	–
Jonathan Glasspool	–	–	7	–	3*	–
Non-Executive Directors						
Sir Richard Lambert (Chairman of the Board)	18 July 2017	–	3	1	1*	–
Sir Anthony Salz (Chairman of the Board)	–	18 July 2017	4	3	2*	1
Jill Jones	–	–	7	4	3	1
Steven Hall	1 March 2017	–	7	–	3	1
John Warren	–	–	7	4	3	1

* Not a member of the Board committee. Attended committee meetings as a guest of the Chair of the Committee.
† The Executive Directors attend by invitation only for relevant parts of Remuneration Committee meetings to provide updates.

Board evaluation

The Board conducts a formal evaluation annually that considers the balance of skills, experience, independence and knowledge of the Board, its diversity including gender, how the Board works together as a unit and other factors relevant to its effectiveness. The evaluation reviews the progress made by the Board in developing strategy and the underlying processes supporting the effective operation of the Board, including the quality of information it receives.

The evaluation of the Board and of each individual Director is through:

- one-to-one interviews by the Chairman, using evaluation questionnaires to facilitate discussion, of each Director to appraise the performance of the Director on the Board and to discuss any improvements needed to the Board processes;
- the Senior Independent Director evaluates the performance of the Chairman through confidential discussions with the other Directors and a one-to-one interview with the Chairman;
- the chair of each Board committee leads the evaluation of their committee and reports the findings and recommendations to the Board;
- the Chief Executive conducts additional management appraisals of the Executive Directors and the senior management team;
- the Board discusses the findings and recommendations for improvement actions in respect of all the evaluations of the Board, each Director, the Board committees and the processes supporting the Board; and
- the Nomination Committee considers the conclusions of the Board evaluation.

Upon completing the interviews, the Chairman and Senior Independent Director make formal reports to the Board on the findings with recommendations for actions to be implemented by the Board, by individual Directors, by the Group Company Secretary and by senior management in the business. Where needed, the Chairman holds confidential follow-up meetings with individual Directors to address concerns they have raised or to address concerns raised about them. The Board monitors progress relating to implementing the actions arising from the Board evaluation.

Board committees are evaluated annually against the terms of reference for the committee and against adherence to relevant regulation such as the Code. The committees approve the evaluations and make recommendations to the Board on any changes needed to the Board processes and terms of reference.

The conclusions of the Board evaluations are considered by the Nomination Committee when reviewing the structure and composition of the Board and succession planning. As a result of the review of performance, the Chairman on behalf of the Board confirms that each of the Directors proposed for re-election at the AGM continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for Board and committee meetings and any other duties).

Examples of the matters arising from the 2017/18 Board and committee evaluations include:

- The Board is working well with all Directors able to voice their thoughts effectively in high-quality debate in and out of board meetings. There is a good level of commitment among Non-Executive Directors who bring a relevant range of skills to the Board.
- The Board and Non-Executive Directors engage with the senior management team below Board level and more time should be set aside to further this engagement.
- The Board should increase its focus on HR matters such as succession planning, talent development and staff performance management given the growth in the size of the business.

Relations with Shareholders

The Board, led by the Chairman, is responsible for ensuring an open dialogue with Shareholders based on the mutual understanding of objectives.

The Annual Report, interim reports, AGM, market updates and post-results announcement presentations are the principal means through which the Company communicates its strategy and performance to Shareholders. All Shareholders are welcome to attend the AGM, at which senior managers give presentations on the business and investors are encouraged to take advantage of the opportunity given to ask questions. The chairs of the Audit, Remuneration and Nomination Committees attend the AGM and are available to answer questions.

The Company maintains an active dialogue with its institutional Shareholders and City analysts through a planned programme of investor relations. The programme includes formal presentations of results and post-results meetings with the major Shareholders and other investors who request meetings. The presentations are made available at www.bloomsbury-ir.co.uk. The meetings and presentations provide an opportunity for Shareholders to ask questions and to meet Directors. The outcome of regular meetings with the main Shareholders, presentations and post-results meetings is reported to the Board. This includes both feedback from individual Directors and feedback collated from discussions by the Company's corporate broker or public relations representative with the main Shareholders and City analysts. The Company's corporate broker provides regular analysis of Shareholder holdings. Feedback from Shareholders and other members of the Shareholder corporate governance community is used to help review and develop Bloomsbury's procedures.

The Chairman writes to the significant Shareholders each year to provide them with the opportunity to meet and discuss corporate governance matters, including remuneration, and to raise any concerns. Following a meeting, the Chairman reports to the Board on the discussions held, including any feedback from the Shareholders.

During the year, the Chairman met with one significant Shareholder and discussed governance and strategy.

Training and development of the Directors

The Board evaluation, including Director appraisals by the Chairman, considers whether each Director has refreshed their skills and knowledge sufficiently and provides an opportunity for Directors to identify where training and development can assist them in the performance of their duties. Development may include, for example, meetings with senior managers to gain an improved understanding of the business.

Directors are provided with extensive Director knowledge checklists to help them self-assess their personal learning needs and they have access to numerous relevant publications by Bloomsbury. Formal training is provided to the Board by the External Auditor and external remuneration consultants, who assign time in meetings to provide updates on and to explain topical areas of corporate governance, remuneration, auditing and financial reporting.

The Board is progressively refreshed, bringing in new skills and experience to the pool of knowledge on the Board from which each Director on the Board can learn.

Nomination Committee

The Committee comprises the Non-Executive Chairman of the Board, who chairs the Committee, the three Independent Non-Executive Directors and the Chief Executive.

The Committee operates under terms of reference agreed by the whole Board, which are available on the Company's website www.bloomsbury-ir.co.uk. Its role is to review the composition of the Board, consider succession planning and nominate to the Board, for approval, candidates to fill Board vacancies. The Committee determines the Directors who should stand for re-election at the AGM in accordance with the Articles of Association of the Company. The Board formally approves the appointment of all new Directors on the recommendation of the Committee.

Corporate Governance

Board appointment process

The Board adopts a formal and rigorous approach to the appointment of Directors. The following outlines the Board appointment process typical to that followed:

* the need to appoint a new Director is identified by an existing Board member retiring or by a review by the Nomination Committee of the Board's structure, balance, succession planning and the need for progressive refreshing which may take account of the findings of the annual Board evaluation of the skills and capabilities of Board members;
* the Nomination Committee considers the strengths and weaknesses of the Board and the senior management team and the needs of the business in order to define the experience and capabilities required for a new appointment;
* the Nomination Committee determines the recruitment process;
* an independent external recruitment consultant is appointed and performs an extensive search to identify candidates meeting criteria agreed with the Nomination Committee. The external consultant performs initial interviews with candidates and carries out background research on them to formulate a shortlist to put forward to the Committee, together with an evaluation of each candidate;
* several Directors separately interview each candidate and feed back to the external consultant on the interview evaluation of the candidate;
* multiple references are taken and further background checks are made on candidates;
* the Nomination Committee sitting together selects the final candidate and makes a recommendation to the Board on their appointment; and
* the Board makes decisions on appointments following recommendations by the Committee.

The Group Company Secretary ensures that new Directors receive a full, formal and tailored induction on joining the Board. Newly appointed Directors are provided with induction packs and one-to-one meetings are arranged for them with the senior management team. Directors are provided with a detailed knowledge self-assessment questionnaire to help them consider any further training needs they may have.

The significant Shareholders are invited to contact or meet with a new Chairman. Any request by a Shareholder to meet with a new Director would be considered by the Board. Investors will typically get the opportunity to meet with Directors at AGMs, at presentations and meetings following the announcements of the results.

Re-election of Directors

The Board may require all Directors to retire by rotation at an AGM and stand for re-election.

As a minimum, per the Articles, all Directors are subject to reappointment by the Shareholders at the first Annual General Meeting after their appointment and thereafter at intervals of no more than three years. Starting from the 2016 AGM on 19 July 2016, the Board has applied its policy that all Directors stand for re-election annually at the AGM.

Non-Executive Directors are appointed for periods of up to four years upon the end of which their appointment terminates subject to their reappointment by the Board. A policy is followed of progressive refreshing of the Board and the Independent Non-Executive Director team, aligned with the changing needs of the business.

The notice periods by the Company of the Directors are set out in the Directors' Remuneration Report.

Board diversity

The Board aims for at least one-third, or the nearest number to a third, of Directors on the Board to be women. The Board presently comprises two women out of eight Directors. The Board is progressively refreshed and new appointments are selected by the Nomination Committee using independent search consultants based on merit as the best candidate for the role.

Remuneration Committee

The Remuneration Committee comprises two Independent Non-Executive Directors and the Non-Executive Chairman of the Board. The role of the Committee and its members is set out in the Directors' Remuneration Report.

Audit Committee

The following table provides the statements required and information in respect of the Code provisions relating to financial reporting, internal control and risk management.

Code provision	Compliance
C.1.1, C.3.4	**Fair, balanced and understandable view** The Board confirms that, in the opinion of the Board and the Committee, the Annual Report and Accounts on pages 1 to 139, 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.
C.1.2	**Business model** The Strategic Report on pages 1 to 33 provides an explanation of the basis on which the Company generates and preserves value over the longer term (the business model) and the strategy for delivering the objectives of the Company.
C.1.3	**Going concern** The Risk Factors section of the Annual Report sets out how the Board has evaluated the material uncertainties to the Group's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements. Accordingly, the Board continues to adopt the going concern basis in preparing the consolidated and Company financial statements in accordance with Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009, published by the Financial Reporting Council in October 2009. Further going concern disclosure is given in the financial statements as noted in note 2c) of the significant accounting policies.
C.2.1 and C.2.3	**Systems of risk management and internal control** The principal risks are described in the Risk Factors section of the Annual Report, which explains how the risks are being managed and mitigated. The Directors confirm they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Board has monitored the Company's risk management and internal control systems and carried out a review of their effectiveness covering all material controls, including financial, operational and compliance controls. Further details of this review are below.
C.2.2	**Viability statement** The Risk Factors section of the Annual Report sets out how the Board has taken account of the Group's current position and principal risks and how it has assessed the prospects of the Group over a period of three years. The Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the assessment period.
C.3.5	**Protected disclosure policy** A Group whistleblower policy is published on the Company website www.bloomsbury-ir.co.uk and provides arrangements by which Bloomsbury staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Audit Committee regularly reviews and approves the whistleblower policy and all staff worldwide complete a self-certification to confirm they are aware of the policy and of Bloomsbury's business ethics policies.
C.3.6	**Internal audit** The Committee monitors and reviews the effectiveness, scope, findings and recommendations of the Internal Auditor, and management's responses to internal audit recommendations. It ensures that the internal audit function is adequately resourced in light of the system of risk management and has appropriate standing within the Company. The Committee approves the appointment and removal of the Head of Internal Audit, who for the financial year up to the time of signing this report was Michael Daykin, the Group Company Secretary, who is a Fellow of the Institute of Chartered Accountants in England and Wales, Certified Internal Auditor and Fellow of the Institute of Chartered Secretaries and Administrators.
C.3.8	**Significant issues in relation to the financial statements** The issues that the Committee considers significant in relation to the financial statements and how these issues are addressed are set out below.

Operation of the Audit Committee

The Committee comprises three Independent Non-Executive Directors. The Chair of the Committee is John Warren, a Fellow of the Institute of Chartered Accountants in England and Wales. The Board is satisfied that the experience and qualifications of John Warren are sufficient for him to meet the experience and qualification requirements to be a member of the Audit Committee, with recent and relevant financial experience under the Code and the UK listing authority Listing Rules appropriate to the Company.

The Audit Committee includes at least one Independent Non-Executive Director who is an expert in the field of publishing which ensures the Committee as a whole has competence relevant to the sector in which the Company operates.

The Committee typically invites the External Auditor, Internal Auditor, Chairman of the Board, Chief Executive, Finance Director and the other Executive Directors to attend meetings. It meets at least once in respect of each reporting period. There is a standing item on the agenda for each meeting for the External Auditor to meet the Committee alone without management present, which provides an opportunity for Committee members and the External Auditor to share any concerns that they may have.

The terms of reference of the Committee can be found on the Company's website, www.bloomsbury-ir.co.uk, and set out the role and authority of the Committee. Responsibilities and matters reserved for the Committee include:

- to monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- to review the Company's internal financial controls and, unless expressly addressed by a separate Board risk committee composed of independent Directors, or by the Board itself, to review the Company's internal control and risk management systems;
- to monitor and review the effectiveness of the Company's internal audit function;
- to make recommendations to the Board, for it to put to the Shareholders for their approval in general meeting, in relation to the appointment, reappointment and removal of the External Auditor and to approve the remuneration and terms of engagement of the External Auditor;
- to review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- to develop and implement policy on the engagement of the External Auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
- to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken; and
- to report to the Board on how it has discharged its responsibilities.

The Committee's annual evaluation, which forms part of the Board evaluation, reviews how the Committee has discharged its responsibilities. The findings of the evaluation and recommendations arising are reported to the Board.

External Auditor

The Audit Committee has primary responsibility for making a recommendation on the appointment, reappointment and removal of the External Auditor.

The role of External Auditor was tendered following the 2013 AGM and the Board appointed KPMG LLP as External Auditor for the Group and for the Company for audits for the year ended 28 February 2014 and onwards. The detailed tender process followed is set out in the Annual Report for the year ended 28 February 2014. The Group will continue to comply with the relevant tendering and auditor rotation requirements applicable under UK and EU regulations, which require the next external audit tender to occur for the year ending 28 February 2024. In addition, the External Auditor will be required to rotate the audit partner responsibility for the Group audit every five years and, as a result, the current lead audit partner will be required to change for the year ending 28 February 2019.

The Committee assesses the effectiveness of the audit process as an item on the agenda for Committee meetings. In forming its view on the effectiveness of the audit process the Committee considered:

- the quality of audit work undertaken and resulting audit findings;
- whether the Auditor's scope has been limited and whether the Auditor has had sufficient resources to complete their agreed work programme; and
- the independence of the External Auditor.

The annual evaluation of the Board considered the effectiveness of how the external audit process integrated with the business processes for the Group.

The Committee is satisfied that KPMG has performed an effective audit that provided the Committee with adequate assurance.

External Auditor non-audit services

The Committee has approved a formal policy on the provision of non-audit services to safeguard the independence and objectivity of the External Auditor and reviews the level of non-audit fees relative to audit fees. The full policy is found on the website www.bloomsbury-ir.co.uk. A list has been approved by the Committee of services that the External Auditor is prohibited from undertaking which includes:

- various tax services
- management or decision-making of the audit
- bookkeeping and preparing financial statements
- payroll services
- designing/implementing procedures for the financial information or IT systems
- valuation services
- various legal services

* internal audit
* corporate finance services
* promoting, dealing in, or underwriting Bloomsbury shares
* services linked to financing, capital structure and allocation and investment strategy
* various HR services

Other policy terms include:

* All other non-audit services need prior approval by the Committee
* External Auditor annual fees for non-audit work complies with the limits set down by the applicable EU regulation

Internal control and risk management

The Code requires the Directors to assess at least annually the effectiveness of the Group's systems of internal control, which include financial, operational and compliance controls, and the system of risk management. This review has been carried out by the Audit Committee on behalf of the Board.

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness, for setting policy on internal control, and for reviewing the effectiveness of internal control. The role of management is to implement Board policies on risk and control. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material financial misstatement or loss.

The Board operates both formally, through Board and committee meetings, and informally, through regular contact amongst Directors. High level decisions on such matters as strategy, financial performance and reporting, dividends, risk management, major capital expenditure, major acquisitions and disposals are reserved for the Board or Board committees. For its regular formal meetings, the Board receives appropriate information in advance from management. Other decisions outside of these areas are delegated to the Company's management, who report to the Chief Executive.

The Board has put in place an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report. The process is regularly reviewed by the Audit Committee on behalf of the Board to ensure that the procedures implemented continue to be effective and, where appropriate, recommendations are made to management to improve the procedures. The Company's system of internal financial control aims to safeguard the Company's assets, and ensure that proper accounting records are maintained, that the financial information used within the business and for publication is reliable, that business risks are identified and managed and that compliance with appropriate legislation and regulation is maintained.

Internal control and risk management framework

The preparation of the consolidated financial statements of the Company is the responsibility of the Finance Director and is overseen by the Audit Committee and the Board. This includes responsibility for ensuring appropriate internal controls are in place over financial reporting processes and related IT systems. The Audit Committee monitors the risks and associated controls over financial reporting processes, including the consolidation process.

Relevant features of the Company's system of internal controls and risk management in relation to the financial reporting process and preparation of the Group financial statements include:

* **Organisational culture**: The Company has a highly skilled, professional and committed workforce. The Board is committed to developing a culture of openness, integrity, competence and responsibility. The Board concentrates mainly on strategic and significant organisational issues, approving objectives and monitoring, at a high level, the financial and operational performance against objectives.
* **Organisational structure**: The One Global Bloomsbury structure comprises the worldwide publishing divisions supported by Group functions (finance, IT, production, sales and marketing) which provide an internal control service to the business as internal control pillars within the Group's internal control framework.
* **Risk and control review**: The Executive Committee (which comprises the divisional and Group function heads and Executive Directors) maintains Group level and Group function level risk analysis and control assessments for each risk. This ensures that risks and control issues from around the Group worldwide are reported openly to the senior management team and addressed. The Board has regularly reviewed the significant Group and functional risks to ensure appropriate action is taken to address the risks. The Audit Committee reviews the risks, in particular the financial risks and issues that could impact on reporting, when considering the financial statements.
* **Financial internal control and risk review**: The Finance Director formally reviews the internal financial controls, taking account of the risks within the financial information systems, and reports the findings of this review to the Audit Committee. Analytical review of operating results and detailed control questionnaires completed for the publishing divisions and overseas offices supplement management's knowledge of the business for the evaluation of the risks and assessment of the internal financial controls. The Audit Committee also receives reports on the internal controls and risks provided by the Internal Auditor. The Audit Committee receives other reports from management relevant to the internal financial controls such as reports on the progress of key projects.

- **Authority levels**: The Board maintains a detailed register of delegated authorities and sets the level of authority required, before Board approval is needed, to commit the Company or to undertake transactions. It also approves budgets and other performance targets. The publishing divisions and Group functions operate within these authority levels and budgets. The Executive Directors determine the authority to be delegated to individual managers.
- **Financial management reporting**: The Board approves the annual Group budget. Sales are reported daily, weekly and monthly. Financial results of the business operations are reported monthly and compared to budget and forecasts. Detailed forecasts for the Company are updated regularly and reviewed by the Board.
- **Book title acquisition procedures**: Established procedures, such as the review and approval by an Executive Director of acquisition proposals of rights to new books, are operated within set authority limits and used for transactions in the ordinary course of business. Acquisitions exceeding delegated authority limits require approval by the Board. Significant acquisitions of companies and businesses are approved by the Board. The Board has set authorised limits for the total author advances held on the Statement of Financial Position as a percentage of net assets and for the total value of committed but unpaid advances.
- **Accountability**: The Company has clearly defined lines of responsibility headed by the Chief Executive and Executive Committee to control the publishing divisions and business functions. Detailed operational and financial performance data are monitored by supervisory management to ensure the performance of operations is in line with targets. The reasons for variances and underperformance are established by supervisory line management and followed up with managers and staff.
- **Overseas offices**: Each overseas office has a local manager or managing director who is responsible for operational effectiveness and local internal controls. Accounting for the Group is centralised and overseas subsidiaries hold limited cash balances. Senior managers and Executive Directors regularly visit the overseas offices and the finance function conducts operational review visits to review the procedures. The Board has implemented a Group Whistleblower Policy and an Anti-bribery and Corruption Policy which are communicated to all staff worldwide and may be found on the Company's website at www.bloomsbury-ir.co.uk.
- **Internal audit**: An internal audit function uses internal control questionnaires ("ICQ") comprising around 1,200 control questions to assess the internal controls across the Group worldwide at least twice annually. Process quality scores for each Group process are calculated from ICQ assessments and reported regularly to senior management and at each Audit Committee meeting. The Audit Committee considers reports from External and Internal Audit to ensure that adequate measures are being taken by management to address risk and control issues. The Group Company Secretary is the Head of Internal Audit and reports to the Chair of the Audit Committee and the Chief Executive in respect of risk management and internal audit work.

Significant failings or weaknesses in the internal controls

Pursuant to provision C.2.3 of the Code, the Committee concludes from its review of the systems of risk management and internal control that the internal controls are adequate for the business of Bloomsbury, including all the Group companies. From this review, the Committee has not identified any significant internal control weaknesses that challenge the Group in achieving its objectives.

The One Global Bloomsbury structure of worldwide publishing divisions supported by Group functions ensures an effective internal control framework and provides a platform for integrating acquisitions as the Group grows and evolves.

Management assigns and monitors control effectiveness ratings to the internal controls across all the business processes worldwide based on the benefits expected from making improvements given the investment of resources that would be required. Based on this, management has identified that the Group's information systems and stock management are priority process areas for improvement to help increase productivity and effectiveness of the business. Consequently, investment in improvements is being made in these areas.

Significant issues in relation to the financial statements

In accordance with Code Provision C.3.8, the following are the issues that the Committee considers significant in relation to the financial statements and how these issues are addressed.

For each item below, the Committee has reviewed the assumptions and judgements made and have considered the risks to the integrity of information reported in the financial statements. In accordance with the Code, the Committee has taken account of the disclosure of the issues when forming an opinion on the fair, balanced and understandable view of the Annual Report.

1. Inventories provision

The level of inventories and the inventory provision are set out in note 15 to the financial statements.

For each line of inventory, a provision is made against the cost of the inventory, where the Net Realisable Value is less than cost. Net Realisable Value is the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The estimated selling price for each inventory line is a judgement based mainly on recent selling patterns for a title. A formulaic provision is applied to each inventory line where titles have been published for more than one year. The Committee considered the judgements applied to estimating the selling prices of inventory and determined that the total level of provision for all inventory was adequate.

2. Sales return provision

The level of sales return provision is set out in note 16 to the financial statements.

Printed books are normally sold on a sale-or-return basis. The timing of returns of unsold books is uncertain. A provision is made against sales for the expected future returns of books that have not occurred by the end of an accounting period. This provision is a judgement based on the assumption of the time lag following a sale before a return is made and the calculation of the historic returns rate.

The Committee considered the judgements made in estimating the key assumptions and determined that the sales return provision was adequate.

3. Revenue recognition

Included within rights and services revenues are licences over Bloomsbury's IP to third parties, as stated in note 3 to the financial statements. The revenue recognised from these licences in any one period mainly reflects the value of contracted performance obligations satisfied in that period. The revenue recognition treatment for more complex deals is reviewed by the External Auditor as soon as contracted.

The Committee considered the judgements applied to the most significant licences and determined that the revenue recognition treatment was appropriate.

4. Valuation of goodwill on acquisition of companies

The carrying value of goodwill arising on the acquisition of companies (or groups of companies) by the Group is set out in note 10 to the financial statements.

Goodwill is carried at cost less accumulated impairment losses. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units ("CGUs") that is expected to benefit from the synergies of the combination. If the recoverable amount of a CGU is less than its carrying value, an impairment charge reduces goodwill and is recognised in the Income Statement. There is more detail on this process in note 2j to these financial statements. The recoverable amount is based on future cash flow projections based on a Board-approved budget and the five-year plan.

The Committee considered the judgements and assumptions made in selecting CGUs and performing the impairment tests for each CGU, to ensure that the carrying value for goodwill was adequately supported. In particular, the Committee reviewed the annual budget and five-year plan for the Group, as approved by the Board, which is used as the basis for forecasting future cash flows from the CGUs. The Committee concurred that no impairment was necessary.

5. Unearned advance provision

Trade and other receivables in the Group Statement of Financial Position, in note 16 to the financial statements, include Royalty advances (i.e. net unearned advances to authors). A provision is made against gross advances (paid and payable) to the extent that they are not expected to be fully earned from anticipated future sales of a title. This provision is a judgement that depends on recent royalty earnings and known future new format releases.

The Committee considered the assumptions made for the titles with the largest net advances across the Group to ensure that the net carrying value of advances was adequately supported and concluded that it was.

By order of the Board

Michael Daykin
Group Company Secretary

Directors' Remuneration Report

Annual Statement

Dear Shareholder

I am delighted to present the Directors' Remuneration Report (the "Report") for Bloomsbury Publishing Plc for the year ended 28 February 2018. The Report has been prepared on behalf of the Bloomsbury Board by the Remuneration Committee (the "Committee") and has been approved by the Board.

Outline of the Remuneration Report

The Report is split into the following two sections:

* Part A, the Remuneration Policy Report, which sets out the Remuneration Policy for the Executive and Non-Executive Directors; and
* Part B, the Annual Report on Remuneration, which discloses how the Remuneration Policy will be implemented for the year ending 28 February 2019 and how it was implemented for the year ended 28 February 2018.

The Annual Report on Remuneration will be subject to an advisory Shareholder vote at the forthcoming AGM on 18 July 2018. This provides details of the remuneration earned by Directors for performance in the year ended 28 February 2018. The Directors' Remuneration Policy Report was approved by Shareholders in a binding vote at the 2017 AGM and is not being submitted to a Shareholder vote at the 2018 AGM. The policy is intended to remain in place for three years from the date of approval and will next be subject to a binding vote at the 2020 AGM (or sooner if changes are made to the policy).

Performance and reward for 2018

Bloomsbury delivered excellent performance for the year ended 28 February 2018, outperforming the City analysts' forecasts against the background of the evolving publishing marketplace. There were a number of exceptionally strong performing areas of the business that contributed to this result, which are described in the Chief Executive's Review. Notable contributions came from Tom Kerridge's best-selling cookery title, *Lose Weight For Good*, which in one week sold over 70,000 copies, more than any book has ever sold in the UK in a week in January, according to the Nielsen BookScan records. The Harry Potter series continues to perform strongly boosted by the release of illustrated editions of the Harry Potter books.

Annual bonus

This level of performance is reflected in the bonuses for Executive Directors which, in respect of the 2018 year, paid out at an average rate of 89% of the maximum bonus opportunity. The Annual Report on Remuneration below provides full disclosure of the targets set for the bonus and the achievement against each target.

For 2018, the Executive Director bonus had two elements; the Strategic Objectives bonus (30% of total bonus) and the Profit bonus (70%). The Strategic Objectives bonus accrued against five non-concurrent strategic targets set by the Committee. For 2018, the Strategic Objectives bonus has paid out at an average rate of 63% of maximum, with the pay-out varying by Director due to the different weightings applied to the five strategic targets based on the relative importance to the Director. For the Profit bonus, the Committee set a stretching threshold target for profit before taxation and highlighted items ("Adjusted profit") of £12.1 million taking account of the City analysts' forecasts and other factors. Profit above the threshold accrues into a bonus pool (until the pool becomes fully funded). The level of outperformance was sufficient to fund the profit-related bonus at the maximum level.

Long Term Incentive Plan ("LTIP") grants

The 2017 LTIP awards were granted in July 2017 to Executive Directors are a level of 100% of their annual salary. For these awards, 50% were granted with an earnings per share ("EPS") performance condition and 50% with a return on capital employed ("ROCE") performance condition.

LTIP vesting

The PSP awards granted on 28 July 2015 (due to vest in July 2018) will lapse: performance was measured against an EPS growth target (50%) and a relative TSR target which itself was subject to an EPS growth target underpin (50%). The EPS growth target was not achieved and the 2015 award will lapse.

Prior to his appointment to the Board, Jonathan Glasspool was granted options under the CSOP scheme on 10 July 2015. These options were determined to have lapsed as the formulaic underpin EPS growth target was not achieved.

Remuneration plans for 2019

The Committee regularly reviews the Executive Director Remuneration Policy to ensure it continues to attract, motivate and retain high-quality executives. For 2019, the Committee has concluded that:

* In line with general workforce for the Group an annual increase in basic salaries of 2.5% has been applied to the Executive Directors, Non-Executive Directors and Chairman.
* There will be no changes to other elements of fixed pay (i.e. benefit and pension provision).

- The structure and quantum of the annual bonus arrangement continues to work well as an incentive. Therefore, the maximum bonus potential will remain at 100% of salary and the structure of the 2019 annual bonus will be broadly similar to that operated for 2018 with 70% based on profit before tax and 30% on strategic objectives. The Committee will have the discretion to reduce any payment under the bonus if they feel payment is not merited based on the overall performance of the Group or if the bonus is not considered affordable by the Board. A clawback provision will operate in respect of the annual bonus for the Executive Directors.
- The current long-term incentive scheme (LTIP) provides strong alignment between the Executive team and Shareholders and there will be no changes made to the quantum of awards or how the plan operates. The performance conditions attached to awards made in 2019 will continue as for 2018; 50% of the awards will be continue to be based on earnings per share (EPS) growth relative to RPI while the other 50% will be based on stretching targets for Return on Capital Employed (ROCE). To ensure a continued focus on shareholder return, the ROCE award will be subject to an underpin, based on a dashboard of measures including relative TSR and other measures the Committee considers to be relevant at the time of vesting. Where performance under any of these measures is considered unacceptable, the Committee may reduce, or cancel, an award. In line with best practice, LTIP awards will be granted subject to a two-year post-vesting holding period. The holding period will continue to apply should an Executive Director leave Bloomsbury.

Executive Director changes

Wendy Pallot steps down as Finance Director on 16 July 2018 and the Board welcomes Penny Scott-Bayfield as Wendy's successor on the same day.

The Committee has approved the remuneration plan for the year to 28 February 2019 for Penny Scott-Bayfield in accordance with the Remuneration Policy. Key details of the plan are basic salary of £230,000 per year and awards and benefits based on basic salary of annual bonus opportunity at 100%, annual grant of three-year LTIP awards at 100% and pension at 15%. The bonus and pension accrue pro rata to the time of service during the year of appointment. The 2018 LTIP award for Penny Scott-Bayfield will be granted at a level of 58% to take account of seven months' service in the year of appointment. The award will vest based on the 2021 result. In respect of Wendy Pallot, the Committee has approved that entitlement to pension and annual bonus for 2019 will be reduced pro rata for the time of service and, if applicable for bonus, will be paid after the leaving date at the usual time following the end of the 28 February 2019 year end. This is to reflect the contribution made by the Director to achieving the 2019 results. LTIP awards of Wendy Pallot that are unvested at her leaving date will lapse.

Shareholder feedback

In applying the Remuneration Policy, the Committee's priority is to ensure that the interests of the Shareholders and, where beneficial to the Shareholders, other stakeholders are served whilst ensuring the Executive Directors and senior management team are treated fairly. In reaching its decisions the Committee takes into consideration all the views and feedback it receives from Shareholders and other members of the Shareholder corporate governance community. The Committee last consulted with the major Shareholders and their representative bodies in early 2017 in respect of the Remuneration Policy.

In conclusion, the Committee considers that the Remuneration Policy will incentivise the sustainable delivery of the Board's strategy, strong financial performance and the creation of long-term Shareholder value. In the following pages are details of:

- our current Directors' Remuneration Policy (as approved at the 2017 AGM); and
- the Annual Report on Remuneration for 2018.

The Directors' Remuneration Report was strongly supported by Shareholders at the 2017 AGM, with 99.5% approval. I hope you will extend equal support in respect of this year's report.

Jill Jones

Chair of the Remuneration Committee
22 May 2018

Directors' Remuneration Report

PART A – REMUNERATION POLICY REPORT

Introduction

The Committee has adopted the principles of good governance relating to Directors' remuneration as set out in the UK Corporate Governance Code issued in April 2016 (the "Code"). This Report, together with the Annual Report on Remuneration, complies with the Companies Act 2006 (the "Act"), the UKLA Listing Rules of the Financial Conduct Authority and Directors' Remuneration: the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The Company has complied with the provisions of the Code relating to Directors' remuneration throughout the year.

In determining the Remuneration Policy the Committee applies the key principles that remuneration should:

- attract and retain suitably high calibre Executive Directors and ensure that they are motivated to achieve the highest levels of performance including delivering strategic initiatives and objectives;
- align the interests of the Executive Directors with those of the Shareholders; and
- not pay more than is necessary.

Consideration of Shareholder views

The Committee considers Shareholder feedback received in relation to the AGM each year. This feedback, plus any additional feedback received during any meetings from time to time, is then considered as part of the Group's annual review of the Remuneration Policy. In addition, the Remuneration Committee will seek to engage directly with major Shareholders and their representative bodies should any material changes be made to the Remuneration Policy. Major Shareholders and representative bodies were consulted in early 2017 in respect of proposed changes to this policy.

Details of votes cast for and against the resolution to approve last year's Directors' Remuneration Report and the Remuneration Policy and any matters discussed with Shareholders during the year are set out in the Annual Report on Remuneration.

Consideration of employment conditions elsewhere in the Group

The Committee considers the general basic salary increase for the broader employee population when determining the annual salary increases for the Executive Directors. The relative increase in CEO pay for the year under review, as compared with that of the general workforce, is set out in the Annual Report on Remuneration. The Committee also considers environmental, social and governance issues and risk when reviewing executive pay quantum and structure.

Remuneration Policy – Summary policy table

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Salary	* Reflects the value of the individual and their role * Reflects skills and experience over time * Provides an appropriate level of basic fixed income avoiding excessive risk-taking arising from over reliance on variable income	* Reviewed annually and normally effective 1 March * Takes periodic comparisons against companies with similar characteristics and sector comparators	* No maximum base salary or maximum salary increase operated * Annual increases are typically linked to those of the wider workforce * Where salaries are below market levels (e.g. upon promotion or a change of role) higher increases may be awarded where appropriate	* N/A
Annual bonus	* Incentivises annual delivery of financial and strategic goals * Maximum bonus only payable for achieving demanding targets	* Paid in cash * Not pensionable	* 100% of salary	* Group profit (majority) * Strategic objectives, including personal objectives (minority). Clawback provisions operate for Executive Directors
Pension	* Provides modest retirement benefits * Opportunity for Executive Directors to contribute to their own retirement plan	* Defined contribution/ salary supplement or cash payment in lieu of pension contribution	* Up to 15% of salary	* N/A
Other benefits	* To aid retention and recruitment	* Company car or car allowance and the provision of private medical/permanent health insurance and life assurance	* N/A	* N/A
Long-term incentives	* Aligned to main strategic objectives of delivering sustainable profit growth and Shareholder return	* Annual grant of nil cost options or conditional awards which normally vest after three years subject to continued service and performance targets * Any vested shares must be held by the executive for a further two years	* Normal annual grant policy is 100% of basic salary * Enhanced award levels may be granted up to 150% of salary (e.g. upon an Executive Director's appointment) * Dividend equivalents may be payable to the extent that shares under award vest	* Vesting of PSP awards will be based on achieving financial and/or TSR targets * 25% of awards will vest at threshold performance increasing pro rata to full vesting at maximum performance levels * Clawback provisions operate for Executive Directors

Directors' Remuneration Report

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Sharesave	* To encourage employee share ownership by employees and therefore alignment with Shareholders	* HMRC approved savings plan to fund the exercise of share options * The exercise price may be discounted by up to 20% * Provides tax advantages to UK employees	* Prevailing HMRC limits apply	* N/A
Share ownership guidelines	* To provide alignment between Executive Directors and Shareholders	* Executive Directors are required to build and maintain a shareholding equivalent to one year's base salary through the retention of vested share awards or through open market purchases	* 100% of salary holding for Executive Directors	* N/A
Non-Executive Director fees	* Reflects time commitments of each role * Reflects fees paid by similarly sized companies	* Cash fee paid monthly	* No maximum fee or maximum fee increase operated * Annual increases are typically linked to those of the wider workforce, time commitment and responsibility levels	* N/A

Notes to the summary policy table:

1. A description of how the Company intends to implement this in 2018/19 is set out in the Annual Report on Remuneration.
2. Remuneration arrangements below Board tend to be skewed more towards fixed pay with less of a focus on share-based long-term incentive pay. These differences have arisen from the development of remuneration arrangements that are market competitive for the various categories of individuals.
3. The choice of the performance metrics applicable to the annual bonus or long-term incentive scheme will reflect the Company strategy at the time of grant.
4. The all-employee Sharesave scheme does not have performance conditions.

Discretion of the Committee

The Committee will operate the annual bonus and PSP schemes according to the respective scheme rules (or relevant documents) and in accordance with the applicable regulations. Executive Director incentive schemes and remuneration plans are designed to align the interests of management with those of the Shareholders and are kept as simple as possible. Where the outcome of incentives is not as the Committee intended, it may use its independent discretion to intervene and modify the outcomes to align the interests of management with those of the Shareholders.

The Committee has adopted terms of reference based on best practice and may apply its independent discretion in a number of ways through its conditional approval including for:

Share-based incentives

- granting of all discretionary share awards/options and determining the participants (including for Executive Directors and below the Board), timing of grants, size of awards, performance conditions and how vested awards should be satisfied;
- running Sharesave to ensure that the scheme is run within applicable dilution limits;
- vesting of all discretionary share awards/options including the timing and level of vesting;
- non-routine vesting of all-employee share options in the unlikely event needed to ensure the effective operation of the schemes under the applicable regulations and rules;

Annual bonuses

- making annual bonus awards to the Executive Directors and determining the level of awards, targets and conditions and calibration of bonuses;
- the Group bonus pool and the level of bonus payouts for the Executive Directors and managers below Board who participate in the Group bonus scheme;
- bonus payments to the Executive Directors so may determine the level of payments following the assessment of performance measures and achievement against bonus objectives;

Routine payments

- all changes to Executive Director basic salaries, pensions and eligibility to benefits; and

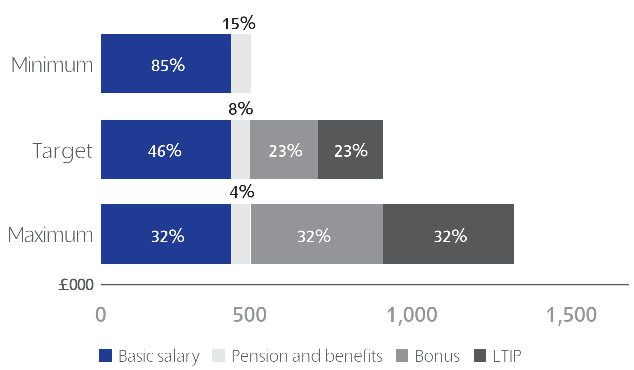
Non-routine payments

- all non-routine payments to the Executive Directors including but not limited to leavers, to new appointees and in respect of a change of control.

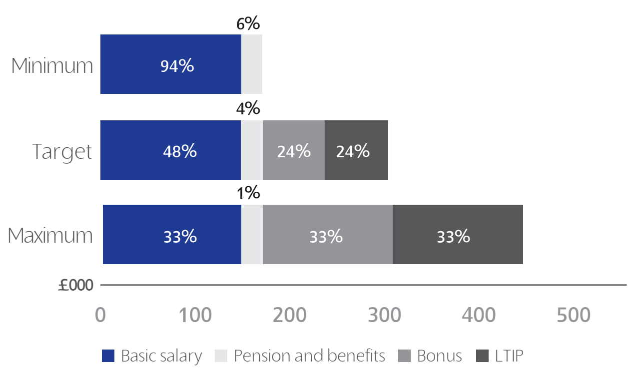
Reward scenarios

The remuneration package comprises both fixed elements (base salary, pension and benefits) and performance-based variable elements (cash bonus and LTIP). The structure of the remuneration packages for on-target and stretch performance for each of the Executive Directors for 2018/19, in line with the Remuneration Policy, is illustrated in the bar charts below.

Nigel Newton



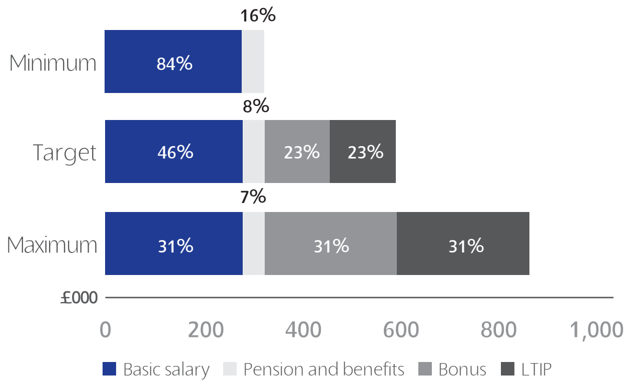
Richard Charkin



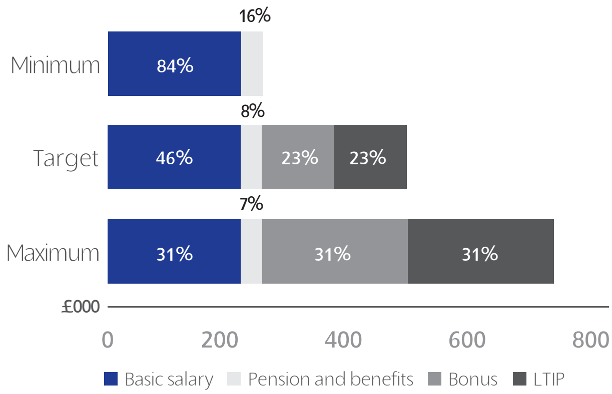
GOVERNANCE

Directors' Remuneration Report

Wendy Pallot



Jonathan Glasspool



Notes:

1. The minimum performance scenario comprises the fixed elements of remuneration only, based on salary, pension and car allowance as per policy for 2018/19.
2. The target level of bonus is taken to be 50% of the maximum bonus opportunity (100% of salary), and the target level of PSP vesting is assumed to be 50% of the face value assuming a normal grant level (100% of salary). These values are included in addition to the components/values of minimum remuneration.
3. Maximum assumes full bonus payout (100% of salary) and the full face value of the PSP (100% of salary), in addition to fixed components of remuneration.
4. Basic salaries from 1 March 2018 are used.
5. For simplicity, no share price growth has been factored into the calculations. The value of any Sharesave awards and notional dividends accruing on vested LTIP shares has been excluded.

Executive Director share ownership guidelines

Under the guidelines, the Executive Directors are expected to build and maintain a shareholding valued at 100% of basic salary with no upper limit on the number of shares they may hold. A time limit is not set to accumulate the shareholding; however, Executive Directors are required to retain all shares arising from vested PSP awards (net of tax) or purchase shares until the shareholding guideline is met. The number of shares needed to satisfy the shareholding is recalculated annually at the close of the next business day following the announcement of the full year results taking account of changes to basic salary.

Remuneration earned by the Executive Directors from outside appointments

Significant external appointments of the Directors are given in the bibliographic details in the Board of Directors section of the Annual Report. The Committee considers that the external appointments of the Executive Directors have no detrimental impact on the performance of their duties. The Committee has approved that each Executive Director may retain his or her remuneration earned from external appointments up to £15,000 per year.

Approach to recruitment and promotions

The remuneration package for a new Executive Director would be set in accordance with the terms of the Company's prevailing approved Remuneration Policy at the time of appointment and take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

Salary would be provided at such a level as required to attract the most appropriate candidate and may be set initially at a below mid-market level on the basis that it may progress towards the mid-market level once expertise and performance has been proven and sustained. The annual bonus potential would be limited to 100% of salary and grants under the PSP would be limited to 100% of salary (150% of salary in exceptional circumstances). In addition, the Committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an Executive leaving a previous employer. It would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods, expected value and performance conditions.

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms. In addition, any other ongoing remuneration obligations existing prior to appointment may continue.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

If appropriate the Committee may agree, on the recruitment of a new Executive Director, a notice period in excess of 12 months but to reduce this to 12 months over a specified period.

Service contracts for Executive Directors

Details of the service contracts of the Executive Directors, which are not of a fixed term and are terminable by either the Company or the Director, are set out below:

Executive Directors	Date of agreement	Date of expiry	Notice period
Nigel Newton	24 June 2003	–	12 months
Richard Charkin	1 October 2007	–	12 months
Wendy Pallot	10 March 2011	–	12 months*
Jonathan Glasspool	23 July 2015	–	12 months

* Following her resignation, Wendy Pallot is serving a notice which commenced on 20 December 2017 with her last day of service on the Board being 16 July 2018 and her last day of service as an employee being the day of the AGM on 18 July 2018.

At the Board's discretion, early termination of an Executive Director's service contract may be undertaken by way of payment of salary and benefits in lieu of the required notice period (or shorter period where permitted by the contract of service or where agreed with the Executive Director) and the Committee would take such steps as necessary to mitigate the loss to the Company and to ensure that the Executive Director observed his or her duty to mitigate loss.

Annual bonus may be payable, at the discretion of the Committee, with respect to the period of the financial year served although it will be prorated for time and paid at the normal payout date. Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules. However, in certain prescribed circumstances, such as death, ill-health, injury, disability, redundancy, retirement, sale of employing business or other circumstances at the discretion of the Committee, "good leaver" status may be applied. For good leavers, awards will normally vest at the normal vesting date, subject to the satisfaction of the relevant performance conditions at that time and reduced pro rata to reflect the proportion of the performance period actually served. However, the Remuneration Committee has the discretion to determine that awards vest at cessation of employment and/or not to prorate awards.

The service contracts for Executive Directors are available for inspection at the Company's registered office.

Non-Executive Directors

Each of the Non-Executive Directors ("NEDs") has similar general terms for their agreement, which can be found on Bloomsbury's investor relations website at www.bloomsbury-ir.co.uk. The agreements provide for three months' notice by the Director or by the Company with the option for the Company to terminate an appointment at any time on payment of three months' fees in lieu of notice. Termination of the agreements is without compensation. Details of the NED agreements are as follows:

Non-Executive Director	Date of appointment	Date of agreement	Date of expiry	Notice period
Jill Jones	23 July 2013	22 July 2013	2018 AGM	3 months
John Warren	23 July 2015	26 May 2015	2019 AGM	3 months
Steven Hall	1 March 2017	19 January 2017	2021 AGM	3 months
Sir Richard Lambert	18 July 2017	15 June 2017	2021 AGM	3 months

The Board concluded in 2016 that it can best support the business as it evolves through a programme of regular new Board appointments, while keeping the maximum size of the Board fixed at up to eight directors. This will ensure that, at a time of continual change in our markets, there is a steady inflow to the Board of new insights from other businesses. We anticipate appointing one new Non-Executive Director each year and for the average duration of non-executive appointments to be around four years.

The annual fees of NEDs, excluding the Chairman, are determined by the Chairman and the Executive Directors. The annual fee of the Chairman is determined by the Committee (excluding the Chairman) and the Executive Directors. NEDs receive a basic annual fee plus an extra annual amount for additional responsibilities such as chairing Board committees. The fees of the NEDs and Chairman are periodically reviewed against benchmark data provided by external remuneration consultants. Where NEDs and the Chairman receive an increase in annual fee this is normally the percentage increase in salaries for Bloomsbury employees generally. The NEDs and Chairman do not participate in the Company's annual bonus or share incentive schemes including Sharesave.

Directors' Remuneration Report

PART B – ANNUAL REPORT ON REMUNERATION

The following discloses how the Remuneration Policy was implemented for the year ended 28 February 2018 and how it will be implemented for the year ending 28 February 2019.

PART B-1 (AUDITED INFORMATION) Implementation of the Remuneration Policy in 2018 Directors' remuneration for 2018

Details of payments to Directors are as follows:

	Year ended 28 February	Basic salary or fees £'000	Other benefits[2] £'000	Pension contributions[3] £'000	Performance-related bonus[4] £'000	Gain on share awards[5] £'000	Total[7] £'000
Executive Directors							
Nigel Newton	**2018**	**433**	**27**	**65**	**384**	**–**	**909**
	2017	424	24	64	177	–	689
Richard Charkin	**2018**	**233**	**12**	**–**	**206**	**–**	**451**
	2017	346	10	–	137	–	493
Wendy Pallot	**2018**	**270**	**15**	**41**	**243**	**–**	**569**
	2017	255	15	38	107	–	415
Jonathan Glasspool	**2018**	**230**	**15**	**35**	**204**	**–**	**484**
	2017	225	4	32	94	–	355
Non-Executive Directors							
Sir Richard Lambert[1]	**2018**	**66**	**–**	**–**	**–**	**–**	**66**
	2017	–	–	–	–	–	–
Stephen Hall[1]	**2018**	**38**	**–**	**–**	**–**	**–**	**38**
	2017	–	–	–	–	–	–
John Warren	**2018**	**40**	**–**	**–**	**–**	**–**	**40**
	2017	39	–	–	–	–	39
Jill Jones	**2018**	**40**	**–**	**–**	**–**	**–**	**40**
	2017	39	–	–	–	–	39
Sir Anthony Salz[6]	**2018**	**40**	**–**	**–**	**–**	**–**	**40**
	2017	103	–	–	–	–	103
Stephen Page[6]	**2018**	**–**	**–**	**–**	**–**	**–**	**–**
	2017	38	–	–	–	–	38
Total	**2018**	**1,390**	**69**	**141**	**1,037**	**–**	**2,637**
	2017	1,469	53	134	515	–	2,171

Notes:

1. Fees are from date of appointment to the Board: Sir Richard Lambert from 18 July 2017 and Steven Hall from 1 March 2017.
2. A description of other benefits received by the Directors is set out below.
3. Nigel Newton, Wendy Pallot and Jonathan Glasspool accrued pension contributions or a cash alternative amount during the year at a rate of 15% of basic salary.
4. Details of the annual bonus targets are given overleaf.
5. Details of the gains on PSP award share incentives are given on page 61.
6. Stephen Page stood down from the Board on 1 March 2017. Sir Anthony Salz stood down from the Board on 18 July 2017.
7. Richard Charkin receives a fee in total of less than £15,000 per annum in respect of his external appointments as a Non-Executive Director of the Institute of Physics Publishing and of Liverpool University Press that the Committee has approved he may retain. The fee is not included in the table above. The Executive Directors received no other remuneration from external appointments as Non-Executive Directors.

Basic salary

Executive Directors' salaries were reviewed with effect from 1 March 2017 in accordance with normal policy and were increased, taking into account the average salary increases for employees across the Group.

The basic salaries for the Executive Directors from 1 March are as follows:

Executive Director	From 1 March 2017 £'000	From 1 March 2016 £'000
Nigel Newton	433	424
Richard Charkin[1]	142	346
Wendy Pallot	270	255
Jonathan Glasspool	230	225

[1] As negotiated at the time of appointment, Richard Charkin's base salary includes a modest uplift in lieu of pension and car allowance. From 1 March 2017, Richard Charkin reduced his hours to around working two days per week and his basic salary is adjusted in proportion to the hours worked.

Pensions

In accordance with the policy, pension contributions in 2018 were 15% of basic salary for Nigel Newton, Wendy Pallot and Jonathan Glasspool. Directors may elect to receive a cash alternative in lieu of payments by the Company into their private pension arrangements. There were no pension contributions made in respect of Richard Charkin.

Other benefits

Benefits comprised a car or car allowance (excluding Richard Charkin), medical cover, permanent health cover, life assurance and Company schemes offered to staff generally, such as buying books for private use at the staff discount rate.

Bonus for 2018

The purpose of the Bloomsbury Annual Management Bonus Scheme ("the Scheme") is to incentivise annual delivery of financial and strategic goals. There are 37 staff in the scheme globally, including the Executive Directors. 70% of the bonus relates to Group profits and 30% relates to other strategic objectives, such as digital resource revenues and the successful implementation of *Bloomsbury 2020* against plan.

The Remuneration Committee sets stretching annual targets for the profit element of the management bonus scheme, taking into account a wide set of reference points including, for example: Bloomsbury's historical performance to date; internal future projections in line with our business and growth plans; City analysts' consensus forecast; the full year budget; and external performance of any key relevant industry peers (both historic and analyst forecast).

As in any company that has an element of profit-related bonus, it is possible that £1 invested by the Company in the business is likely to mean £1 less profit in that year and so proportionately less bonus being paid. This might be an incentive not to invest in long-term projects, so 30% of the bonus potential – the element that is not related to Group profit – is accrued in the budget annually, to ensure, for example, that management adequately invests in projects like *Bloomsbury 2020* to ensure achievement of long-term profit growth countering any risk of tension between short-term decision-making solely for bonus purposes and long-term value creation.

The remaining 70% profit-related element is payable depending on the size of the bonus pool that accrues above the stretching target that the Committee sets. This results in value to Shareholders being accrued faster up to the profit target, and thereafter a higher proportion of profit funding the bonus scheme. This minimises the risk that our profit targets are not met and incentivises management to achieve profits over and above expectations – because unless they do they won't get a profit-related bonus.

Bloomsbury has operated the same bonus scheme for many years and the Committee believes that it has been fit-for-purpose since inception. One success indicator has been the demonstration of the fact that the Group has always made consensus results in the period of this scheme and secondly the scheme has paid bonus levels to management proportionate to the profit delivered.

Profit target bonus for 2018

The Group profit bonus objective accounts for 70% of the total bonus opportunity for Executive Directors. As set out in the Strategic Report, Bloomsbury delivered excellent performance for the year ended 28 February 2018, achieving profit before taxation and highlighted items ("Adjusted profit") of £13.2 million (£15.5 million before the profit bonus). At the start of the year, the Committee set a stretching threshold target for this Adjusted profit of £12.1 million, after assessing the Group's budget, analyst consensus forecasts and other factors. This resulted in a Senior Management bonus pool shared by 37 staff, including the Executive Directors, of £2.3 million sufficient to pay the full profit bonus element.

Strategic objectives bonus for 2018

Definition of the targets

The Committee defined five key areas for bonus objectives and set stretching targets for each objective.

Objective	Aim	Definition of the metric for measuring achievement		Target for threshold vesting (pays 50%)	Target for full vesting (pays 100%)	Actual	Achieved
1) US business	Grow the US business	*Metric:* *Definition:*	US Revenue: Sales by Bloomsbury Publishing Inc (US Business) excluding intercompany sales	US Revenue of $56m	US Revenue of $61.6m (Threshold plus 10%)	$58.6m	73.3%
2) Earlier profit realisation	Reduce the dependency on the final two months of the year	*Metric:* *Definition:* *Measurement:*	Measured Profit: Adjusted profit as defined in the Annual Report Measure the level of achievement as at 31 December 2017	Measured Profit of £8.129m	Measured Profit of £8.942m (Threshold plus 10%)	£9.8m	100%
3) Cost saving	Improve the efficiency of the Group	*Metric:* *Definition:* *Measurement:*	Measured Cost (note 2): Total of (marketing + distribution +administrative including commission) before 2020 costs, bonus and forex movement Flex the variable cost component in the target in proportion to Group revenue	Measured Cost to be £66.7m or less	Measured Cost to be £66.2m or less (Threshold less £0.5m)	£66.2m	100%
4) Inventory reduction	Reduce working capital and improve ROCE	*Metric:* *Definition:* *Measurement:*	Inventory Days : 365 x inventory/ cost of sales Use audited figures disclosed in the Group Financial Statements	Inventory Days to be 143 days or less	Inventory Days to be 136 days or less (Threshold less 5%)	113 days	100%
5) Digital revenue	Achieve the milestones within the Bloomsbury 2020 strategy	*Metric:* *Definition:*	2020 Revenue: Revenue accruing in the year from subscription and perpetual access sales of digital platforms	2020 Revenue of £4.8m	2020 Revenue of £5.5m (Threshold plus stretching increase)	<£4.8m	0%

Notes:

1) The level of vesting for achievement between threshold and full vesting targets is calculated on a straight-line basis from 50% to 100%. No vesting for achievement below threshold. 100% vesting for achievement above the full vesting target.

2) The Measured Cost excludes 2020 and the bonus accrual and is adjusted to exclude foreign exchange movements. An analysis of the Measured Cost use by the Committee is as follows:

	£'m
Marketing	7.4
Distribution	14.6
Administrative	44.2
	66.2

The Committee set the following allocations of opportunity for each strategic objective based on the relative importance to each Director as determined by the Committee:

Strategic Objective	Nigel Newton	Richard Charkin	Wendy Pallot	Jonathan Glasspool
1) US business	5%	5%	–	5%
2) Earlier profit realisation	5%	5%	5%	5%
3) Cost saving	5%	5%	10%	5%
4) Inventory reduction	5%	5%	5%	5%
5) Digital revenue	10%	10%	10%	10%
Total opportunity for the strategic objectives bonus as a percentage of basic salary	30%	30%	30%	30%
Actual achievement of strategic element (30%/100%)	62%	62%	67%	62%
Total bonus paid at a rate of salary	89%	89%	90%	89%

Vesting of PSP awards

The PSP awards granted on 28 July 2015 (2015 PSP) are set to vest in 2018 based on performance over the three years ended 28 February 2018. The performance conditions for this award are disclosed in previous annual reports. The level of vesting for the 2015 PSP awards is as follows:

Metric	Performance condition	Threshold target	Stretch target	Actual	% Vesting
Relative Earnings per Share growth (50% of awards)	25% vesting for compound annual growth in normalised EPS over the performance period in excess of annualised RPI ("Relative EPS growth") 3% increasing pro rata to 100% vesting for Relative EPS growth of 8%	3%	8%	<3%	0% (out of a maximum of 50%)
Total Shareholder Return (50% of awards)	TSR against the constituents of the FTSE SmallCap (excluding investment trusts). Median (25% vesting of this part of an award) to top quartile (100% vesting) over three years from the start of the financial year in which the awards are granted The awards have a concurrent performance condition that no vesting occurs for Relative EPS growth below 0%	Median	Upper quartile	N/A Concurrent target of Relative EPS growth >0% has not been met	0% (out of a maximum of 50%)
Total estimated vesting of 2015 PSP awards					0%

Based on the above, values for the 2015 PSP awards are as follows:

Executive	Type of award	Number of shares at grant with EPS	Number of shares to lapse	Number of shares to vest	Number of Dividend Shares[1]	Total	Estimated value £'000
Nigel Newton	Conditional award with EPS performance condition	255,238	255,238	–	–	–	–
Richard Charkin		208,480	208,480	–	–	–	–
Wendy Pallot		153,732	153,732	–	–	–	–
Jonathan Glasspool		67,588	67,588	–	–	–	–

[1] Dividend Shares are in lieu of dividends that would have accrued on the "Number of shares to vest" if held by the participants from the date of grant up to the date of vesting of awards.

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PSP awards granted during 2018

Details of PSP awards granted in 2018 (2017 PSP) are as follows:

Individual	Scheme	Date of grant	Basis of award	Face value £'000	Vesting at Threshold	Vesting at Maximum	Performance period
Nigel Newton	PSP (Conditional awards)	27 July 2017	100% of salary	433	25%	100%	ROCE: 3 years to 28 February 2020
Richard Charkin		27 July 2017	100% of salary	142	25%	100%	
Wendy Pallot		27 July 2017	100% of salary	270	25%	100%	EPS: 3 years to 28 February 2020
Jonathan Glasspool		27 July 2017	100% of salary	230	25%	100%	

For awards presented above:

- For 50% of awards (ROCE awards): 25% of this part of an award will vest for absolute Return On Capital Employed (ROCE) of 9.2% or higher (nil vesting for below), increasing straight-line to 100% vesting of this part of an award for ROCE of 11.6% (100% for above), ROCE measured in the last Financial Year of the three-year performance period; and
- For 50% of awards (EPS awards): 25% of this part of an award will vest for a compound annual growth rate in normalised EPS over the performance period in excess of annualised RPI ("Relative EPS growth") of 3% increasing pro rata to 100% vesting of this part of an award for a Relative EPS growth of 8%.

Payments to past Directors

There were no payments made during the year to past Directors.

Payments for loss of office

There were no payments for loss of office during the year.

Outstanding share awards

PSP awards

PSP conditional share awards have been granted for nil consideration over Ordinary shares of 1.25 pence in the Company under the Bloomsbury 2005 Performance Share Plan ("2005 PSP") and the Bloomsbury 2014 Performance Share Plan ("2014 PSP"). The number of PSP conditional shares awarded is calculated based on the closing mid-market share price prevailing on the day before the date of grant. The following PSP conditional shares awarded to the Executive Directors were outstanding during the year:

	Date of PSP award	Due date of exercise/expiry	Price at grant date (pence)	At 1 March 2017	Awarded during the year	Exercised during the year	Lapsed during the year	Share price on date of exercise (pence)	**At 28 February 2018**
Nigel Newton	23 Dec 2014	23 Dec 2017	160.00p	254,500	–	–	254,500	–	**–**
	28 July 2015	28 July 2018	162.75p	255,238	–	–	–	–	**255,238**
	8 June 2016	8 June 2019	162.00p	261,544	–	–	–	–	**261,544**
	27 July 2017	27 July 2020	180.00p	–	240,689	–	–	–	**240,689**
Richard Charkin	23 Dec 2014	23 Dec 2017	160.00p	201,626	–	–	201,626	–	**–**
	28 July 2015	28 July 2018	162.75p	208,480	–	–	–	–	**208,480**
	8 June 2016	8 June 2019	162.00p	213,642	–	–	–	–	**213,642**
	27 July 2017	27 July 2020	180.00p	–	78,638	–	–	–	**78,638**
Wendy Pallot*	23 Dec 2014	23 Dec 2017	160.00p	153,312	–	–	153,312	–	**–**
	28 July 2015	28 July 2018	162.75p	153,732	–	–	–	–	**153,732**
	8 June 2016	8 June 2019	162.00p	157,530	–	–	–	–	**157,530**
	27 July 2017	27 July 2020	180.00p	–	150,000	–	–	–	**150,000**
Jonathan Glasspool[1]	23 Dec 2014	23 Dec 2017	160.00p	27,359	–	–	27,359	–	**–**
	28 July 2015	28 July 2018	162.75p	67,588	–	–	–	–	**67,588**
	8 June 2016	8 June 2019	162.00p	138,888	–	–	–	–	**138,888**
	27 July 2017	27 July 2020	180.00p	–	127,812	–	–	–	**127,812**

* All unvested awards for Wendy Pallot lapse on her last day of service, 16 July 2018.

EPS

For 50% of the awards[1]: 25% of this part of an award will vest for a compound annual growth rate in normalised EPS over the performance period in excess of annualised RPI ("Relative EPS growth") of 3%, increasing pro rata to 100% vesting of this part of an award for a Relative EPS growth of 8%.

TSR

For 50% of the awards made in 2014, 2015[1] and 2016: 25% of this part of an award will vest for a median TSR, increasing to 100% vesting of this part of an award for a top quartile TSR, measured against the FTSE SmallCap (excluding investment trusts). Awards have a concurrent performance condition that no vesting occurs for Relative EPS growth below 0%.

[1] For PSP awards made in 2015 to Jonathan Glasspool in respect of his first year as a Director, 27% have TSR performance conditions and 73% have EPS performance conditions.

ROCE

For 50% of the awards made in 2017: 25% of this part of the award will vest for absolute Return On Capital Employed (ROCE) of 9.2% (nil vesting for below), increasing straight-line to 100% vesting of this part of an award for ROCE of 11.6% (100% for above), ROCE measured in the last Financial Year of the three-year performance period. Vesting is subject to an underpin whereby the Committee will consider the underlying performance of the business, including at least TSR performance, and may apply downward discretion should the Committee conclude it is appropriate to do so.

Company Share Option Plan

Bloomsbury operates the 2014 Company Share Option Plan ("2014 CSOP") under which the Committee may grant options over Ordinary shares of 1.25 pence in the Company with performance conditions determined by the Committee to participants below the Board. The outstanding 2014 CSOP options granted to Executive Directors prior to their appointment as a Director that the Remuneration Policy permits the Director to retain are:

	At 1 March 2017	Granted during the year	Lapsed during the year	At 28 February 2018	Exercise price[1] (pence)	Date of grant	Vesting date[2]	Expiry date
Jonathan Glasspool	31,447	–	–	**31,447**	159.00p	10 Jul 2015	Jul 2018	Jul 2025

[1] The exercise price is the closing share price on the day before the grant date.

[2] CSOP options vest on the third anniversary of the grant date subject to an underpin condition of compound annual growth rate in normalised EPS over the three-year performance period in excess of annualised RPI ("Relative EPS growth") of 0%. CSOP options granted in 2015 failed to meet the underpin condition.

Sharesave options

Bloomsbury operates an HMRC-approved Sharesave scheme for which all UK employees are eligible to participate. The following Sharesave options granted to the Executive Directors were outstanding at the year ended:

	At 1 March 2017	Granted during the year	Exercised during the year	At 28 February 2018	Exercise price (pence)	Date of grant	Date from which exercisable	Expiry date
Richard Charkin	6,346	–	–	**6,346**	141.8p	16 Jun 2015	Sep 2018	Mar 2019
Wendy Pallot	6,346	–	–	**6,346**	141.8p	16 Jun 2015	Sep 2018	Mar 2019
Jonathan Glasspool	3,808	–	–	**3,808**	141.8p	16 Jun 2015	Sep 2018	Mar 2019
	–	6,550	–	**6,550**	137.4p	12 Jun 2017	Sep 2020	Mar 2021

Directors' interests in shares

The interests of the Directors who served on the Board during the year are set out in the table below:

	Owned[2]		PSP Awards					
	28 February 2018	28 February 2017	Unvested	Vested	CSOP options unvested	Sharesave options unvested	Total 28 February 2018	Shareholding Guideline Achieved[1] %
Nigel Newton	1,147,263	1,207,946	757,471	–	–	–	1,904,734	100%
Richard Charkin	360,680	360,680	500,760	–	–	6,346	867,786	100%
Wendy Pallot	139,536	139,536	461,262	–	–	6,346	607,144	100%
Jonathan Glasspool	27,408	27,408	334,288	–	31,447	10,358	403,501	26%
Sir Richard Lambert[3]	10,000	–	–	–	–	–	10,000	n/a
Sir Anthony Salz[3]	–	5,000	–	–	–	–	–	n/a
Jill Jones	2,800	–	–	–	–	–	2,800	n/a
John Warren	10,000	10,000	–	–	–	–	10,000	n/a
Steven Hall	3,171	–	–	–	–	–	3,171	n/a
Total	1,700,858	1,750,570	2,053,781	–	31,447	23,050	3,809,136	

1. The Shareholding Guideline (100% of salary) was introduced during the year ended 28 February 2013 and can be found on the Company's website www.bloomsbury-ir.co.uk. The guideline requires that the Executive Director must retain shares vesting from the PSP awards net of tax until the shareholding guideline has been met. The number of shares needed to satisfy a shareholding is recalculated at the close of the next business day following the announcement of the full year results (the "Review Date"). The share price used above is 230 pence.

2. Owned includes shares held directly by the Director and indirectly by a nominee on behalf of the Director where the Director has the beneficial interest. It includes the shares of the Director and of connected persons.

3. Sir Anthony Salz stood down from and Sir Richard Lambert joined the Board on 18 July 2017.

No Director has or has had any interest, direct or indirect, in any transaction, contract or arrangement (excluding service agreements), which is or was unusual in its nature or conditions or significant to the business of the Group during the current or immediately preceding financial year.

Implementation of Remuneration Policy in 2019

From 1 March 2018, the Executive Directors received a pay increase of 2.5% in line with the increase for the general workforce.

The basic salaries for the Executive Directors from 1 March are as follows:

Executive Director	From 1 March 2018 £'000	From 1 March 2017 £'000
Nigel Newton	444	433
Richard Charkin[1]	145	142
Wendy Pallot[2]	276	270
Jonathan Glasspool	236	230

1 As negotiated at the time of appointment, Richard Charkin's base salary includes a modest uplift in lieu of pension and car allowance. From 1 March 2017, Richard Charkin has reduced his hours to around working two days per week and his basic salary adjusted in proportion to hours worked.

2 Wendy Pallot stands down from the Board on 16 July 2018. Penny Scott-Bayfield joins the Board on 16 July 2018 at an annual salary of £230,000.

Pension and benefits

In 2019, no pension contributions will be made by the Company for Richard Charkin. Pension contributions (as a percentage of base salary) for other Executive Directors will remain unchanged. There will be no other changes to pension and benefits.

Annual bonus

For 2019, the maximum bonus potential will continue to be set at 100% of salary. The maximum bonus measured against financial profit targets (70%) and strategic objectives (30%) including a digital revenue target linked to *Bloomsbury 2020*, will account for 10% of the total bonus opportunity. The strategic element will not formulaically be linked to the threshold profit target but will instead be subject to an affordability and performance assessment by the Committee. Both the measures and targets will be disclosed retrospectively in the Annual Report on Remuneration.

Long-term incentives

The annual PSP awards granted in 2018 will be subject to the following targets:

- relative EPS (50%) – 25% of this part of an award will vest for annualised growth in EPS over the performance period of RPI +3% increasing pro rata to 100% vesting for annualised growth in EPS over the performance period of RPI + 8%; and
- ROCE (50%) – 25% of this part of an award will vest for achieving ROCE at the end of the performance period of 13.1% increasing pro rata to 100% vesting for ROCE over the performance period of 15.1%. In determining these targets the Committee considers that:
  - the threshold vesting absolute target for the financial year ending in 2021 (the final year of the performance period) ensures there will be no vesting unless ROCE improves compared to the highest value for ROCE achieved in each of the financial years ended 2018, 2017 and 2016.
  - the full vesting target requires management to deliver stretching performance. Full vesting, if achieved, would require a substantial improvement in ROCE from the present level.

ROCE for the recent financial years of the Company can be found in the Financial Review section of the Strategic Report.

The awards for Executive Directors will be subject to clawback provisions and to a two-year post-vesting holding period. During the holding period, an Executive Director (including if they stand down from the Board) may not sell their vested shares, which will remain subject to a clawback provision.

The Remuneration Committee has approved that the Executive Directors may participate in the Company's Sharesave scheme if operated.

Non-Executive Directors

Current annualised fees are as follows:

Non-Executive Director	Position	From 1 March 2018 £'000	From 1 March 2017 £'000
Sir Richard Lambert[1]	Chairman of the Board, Chair of the Nomination Committee	**108**	105
Sir Anthony Salz[2]	Chairman of the Board, Chair of the Nomination Committee	**–**	105
John Warren	Chair of the Audit Committee and Senior Independent Director	**41**	40[3]
Jill Jones	Chair of the Remuneration Committee	**41**	40[3]
Steven Hall	Independent Non-Executive Director	**38**	38

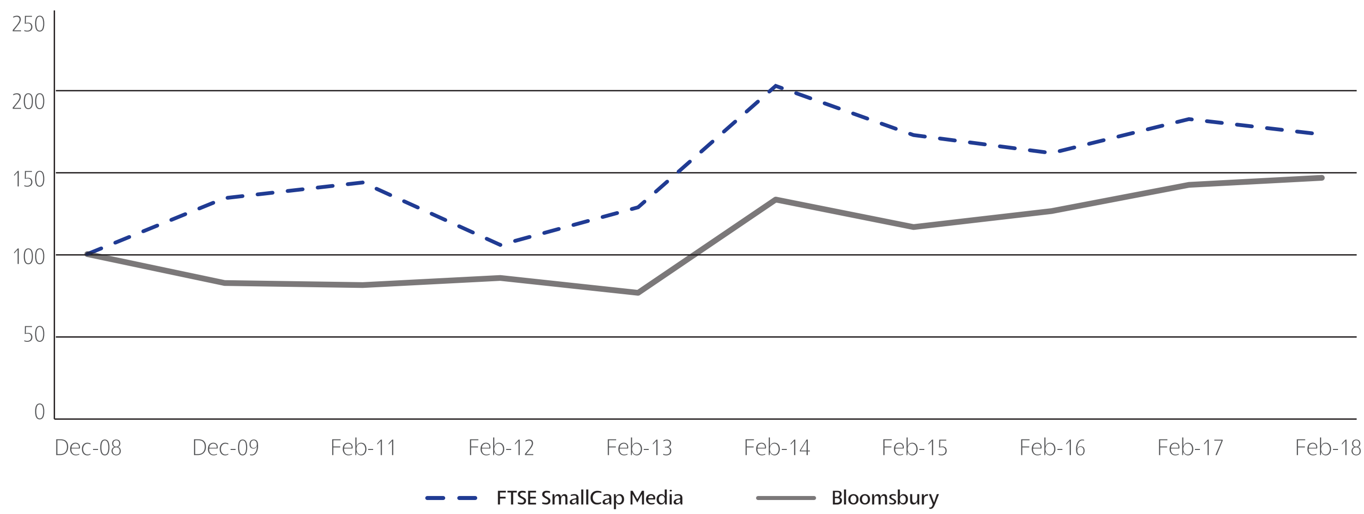
[1] Sir Richard Lambert was appointed to the Board from 18 July 2017 at an annual fee of £105,200. The actual fee paid accrues pro rata to time of service.

[2] Sir Anthony Salz stood down from the Board on 18 July 2017. Stephen Page stood down from the Board on 1 March 2017.

[3] From 1 March 2017, Jill Jones and John Warren received an increase of 2.25% to their annual fees in line with the pay increases for Group's employees generally and consistent with the general increase for the Executive Directors.

PART B-2 (UNAUDITED INFORMATION)
Performance graph and table

The chart below shows the Company's Total Shareholder Return for the period from 31 December 2008 to 28 February 2018 compared to that of the FTSE SmallCap Media sector index over the same period. The index has been selected as it represents a broad equity market index of which the Company is a constituent member.



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The chart aligns to the Company's accounting period, which was extended during the 14 months to 28 February 2011.

The total remuneration figures for the Chief Executive during each of the financial years of the relevant period are shown in the table below. The total remuneration figure includes the annual bonus based on that year's performance and PSP awards based on three-year performance periods ending in the relevant year (EPS) or just after the relevant year (TSR). The annual bonus payout and PSP vesting level as a percentage of the maximum opportunity are also shown for each of these years.

Year ending:	31 Dec 2009	28 Feb 2011	29 Feb 2012	28 Feb 2013	28 Feb 2014	28 Feb 2015	29 Feb 2016	28 Feb 2017	**28 Feb 2018**
Total remuneration (£'000)	637	974[1]	785	617	749	799	547	689	**909**
Annual bonus (%)	51%	100%	54%	0%	17%	16%	0%	42%	**88%**
PSP vesting (%)	0%	0%	50%	50%	50%	56%	16%	0%	**0%**

[1] Covers a period of 14 months due to the change of Accounting Reference Date.

Percentage change in Chief Executive's remuneration

The table below shows the percentage change in the Chief Executive's salary, benefits and annual bonus between the financial year ended 28 February 2017 and 28 February 2018, compared to that of the total remuneration for all employees of the Company for each of these elements of pay.

	Total remuneration		
	Year ended 28 February 2018	Year ended 28 February 2017	% change
Salary			
Chief Executive (£'000)	**433**	424	2.25%
All employees (£'m)	**25.6**	24.7	3.6%
Benefits including pension			
Chief Executive (£'000)	**92**	88	5%
All employees (£'m)	**1.2**	1.1	9%
Annual bonus			
Chief Executive (£'000)	**384**	177	117%
All employees (£'m)	**2.3**	1.0	129%
Average number of employees	**627**	606	3.5%

Relative importance of spend on pay

The following table shows the Company's actual spend on pay (for all employees) relative to dividends.

	Year ended 28 February 2018	Year ended 28 February 2017	% change
Staff costs (£'m)	**31.9**	28.8	11%
Dividends declared (£'m)	**5.6**	5.0	12%
Retained profits (£'m)	**4.0**	2.3	75%

Statement of Shareholder voting

The Annual Statement by the Chairman of the Remuneration Committee and Annual Report on Directors' Remuneration for the financial year ended 28 February 2017 was put to Shareholders at the Annual General Meeting held on 18 July 2017 on an advisory basis. The voting outcomes were as follows:

	Number of shares	Percentage of the vote
Votes cast in favour	57,557,958	99.9%
Votes cast against	51,060	0.1%
Total votes cast	57,609,018	100%
Abstentions on voting cards	91,932	

The Remuneration Policy was last put to Shareholders at the Annual General Meeting held on 18 July 2017 as an ordinary resolution. The voting outcomes were as follows:

	Number of shares	Percentage of the vote
Votes cast in favour	57,376,766	99.5%
Votes cast against	309,752	0.5%
Total votes cast	57,686,518	100%
Abstentions on voting cards	14,432	

Remuneration Committee

Responsibilities and activities of the Committee

The Committee determines the Remuneration Policy and annual remuneration plans for the Executive Directors for approval by the Board. In particular, the Committee approves for each Executive Director the basic salaries, pensions, other benefits, bonus awards and the awards made under Bloomsbury's Long Term Incentive Plan (see above). The Committee approves all payments of bonus and the vesting and exercise of share-based awards before payments are made for each Executive Director.

The Committee considers it is appropriate for the Executive Directors to determine the remuneration plans of senior management. In respect of employees below the level of the Board, the Committee approves the bonus pool from which bonuses are paid and approves the grant and vesting of all share incentives before payments are made.

Membership

For the year ended 28 February 2018 up until signing the Report, the Committee has comprised three Independent Non-Executive Directors as follows:

Director	Appointed in the year (if applicable)	Resigned in the year (if applicable)
Jill Jones (Chair of the Committee)	–	–
Sir Richard Lambert	18 July 2017	–
Sir Anthony Salz	–	18 July 2017
John Warren	–	–

The Group Company Secretary, Michael Daykin FCIS FCA, acts as secretary to the Committee. All meetings or business of the Committee have been conducted during the year with two Independent Non-Executive Directors and the Non-Executive Chairman present.

The Committee met formally on four occasions during the year, including three occasions with Executive Directors attending part of a meeting at the request of the Committee for specific items on the agenda. New Bridge Street attends Committee meetings where needed to provide technical support. Examples of matters discussed at meetings of the Committee have included reviewing the Remuneration Policy, Long Term Investment Plan and annual bonus targets and achievement, Executive Director pay increases and feedback from Shareholders and corporate governance analysts. The Committee Chair has a standing item on the agenda at each main Board meeting, which provides the opportunity for them to update on and raise remuneration matters for discussion by the Board. Minutes of the Committee are circulated to the Board once they have been approved by the Committee.

Assistance to the Committee

During the year, the Committee took advice from external remuneration consultants, New Bridge Street, which does not perform other services for and has no other connection with the Company (a statement to this effect is included on the Company's website, www.bloomsbury-ir.co.uk). The Committee is free to choose its advisors and is satisfied that New Bridge Street continues to provide advice that is objective and independent. Fees paid to New Bridge Street for 2018 totalled £7,000.

The Committee received assistance from the Group Company Secretary and, where specifically requested by the Committee, the Chief Executive and Finance Director. The Committee has considered any feedback received from the major Shareholders during the year as part of Bloomsbury's ongoing investor relations programme and considers the reports and recommendations of Shareholder representative bodies and corporate governance analysts.

Approved by the Board of Directors and signed on its behalf.

Jill Jones
Chair of the Remuneration Committee
22 May 2018

Independent Auditor's Report

To the members of Bloomsbury Publishing Plc

1. Our opinion is unmodified

We have audited the financial statements of Bloomsbury Publishing Plc ("the Company") for the year ended 28 February 2018 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and the related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 28 February 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as Auditor by the Directors on 4 September 2013. The period of total uninterrupted engagement for the Bloomsbury Group is five financial years ended 28 February 2018. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

The risk	Our response

Goodwill – £42.1m (2017: £42.5m)

Refer to page 49 (Audit Committee Report), page 85 (accounting policy) and pages 98 to 99 (financial disclosures) **Risk vs 2017 <>**

The risk

Forecast based valuation and presentation appropriateness

The Group has completed a number of acquisitions in the past six years with the majority being integrated into the Academic and Professional division; this constitutes a single cash-generating unit for impairment testing. The recoverability of goodwill associated with the Academic & Professional division is dependent on achieving forecast trading and realising acquisition synergies. Due to the inherent uncertainty involved in forecasting future cash flows and selection of an appropriate discount rate, which are the basis of the assessment of recoverability, this is a significant area of audit focus.

Our response

- **Benchmarking assumptions**: We compared the Group's assumptions to externally derived data in relation to key inputs such as projected economic growth and cost inflation.
- **Our sector experience:** We used our own specialists to assess the appropriateness of the discount rate for each cash-generating unit. We challenged the judgements and assumptions used by management in their calculation based on our knowledge of the business.
- **Sensitivity analysis:** We performed break-even analysis on the assumptions noted above and considered the likelihood that the drivers of break-even would arise.
- **Historical comparisons:** We considered the historical accuracy of key assumptions by comparing the accuracy of the previous estimates of revenue and cost growth to the actual amounts realised.
- **Assessing transparency**: We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill.

Our results

We found the resulting estimate of the recoverable amount of goodwill to be acceptable (2017 result: acceptable)

The risk	Our response

Revenue – £161.5m (2017: £142.6m); Returns provision – £7.9m (2017: £6.5m)

Refer to page 49 (Audit Committee Report), page 84 (accounting policy) and pages 90 to 93 and 104 (financial disclosures) **Risk vs 2017 <>**

The risk

Subjective estimate

The Group typically sells its books on a sale-or-return basis, and presents revenue net of estimated returns in the financial statements. Estimating the level of returns from customers is subjective in nature due to the longer period of returns allowed in the industry and may have a material impact on the reported result at any given year end. As such this is a significant focus area for our audit.

Management provides for returns based on past experience using a one year average method

Our response

- **Assessing application**: We evaluated whether the Group's sales returns policy was consistently applied and remained appropriate, reflecting the underlying trends in the data and with regard to relevant accounting standards.
- **Historical comparisons**: We obtained evidence of actual returns received in the current year and compared to prior year's provision to further assess historical accuracy of the Group's provisions.
- **Tests of details**: We tested the inputs used in the returns provision calculations at 28 February 2018 by agreeing inputs such as historical sales and returns experienced to underlying records of the Group.

Our results

We found the sales return provision to be acceptable (2017: acceptable).

The risk	Our response

Advances – £22.3m (2017: £24.8m)

Refer to page 49 (Audit Committee Report), page 87 (accounting policy) and page 103 (financial disclosures) **Risk vs 2017 <>**

Subjective estimate

The Group pays royalty advances to its authors prior to the delivery of a manuscript. The Group recovers these advances from future sales by deductions of royalties due to the author under the terms of the relevant royalty agreement.

The advances balance is made up of a significant number of individual advances to authors and requires the Group to forecast future sales to monitor recoverability of advances.

Where insufficient sales are forecast by the Group for the advance to be recovered in full, a provision is recorded against that advance.

This is a significant risk area as there is inherent uncertainty regarding the estimation of future sales of individual titles arising from the changes in the economic environment and the actions of competitors.

- **Historical comparisons**: We have challenged the Group's forecasts for future royalty payments, which are offset against the unearned advance, by assessing historical accuracy of future sales forecasts across a sample of unearned advance balances.
- **Assessing application**: We have challenged any specific adjustments made by the Group to the historical trends in arriving at the final provision and provided challenge on how such a position was derived. This involved considering specific promotions, film tie-ins, future book releases or planned market events which could have a material impact on the recoverability of the advances.

Our results

We found the carrying value of advances to be acceptable (2017: acceptable).

The risk	Our response

Inventory – £26.7m (2017: £28.6m)

Refer to page 48 (Audit Committee Report), page 86 (accounting policy) and page 103 (financial disclosures) **Risk vs 2017 <>**

Subjective estimate

The Group has significant inventory balances which could be at risk of obsolescence if stock levels exceed future sales volumes.

Management provides against stock based on past experience; the provision applied varies by geographical location of the stock and the division.

There is an inherent uncertainty in estimates of future sales volume and the related estimates of stock obsolescence, which may have a material impact on the reported carrying value of inventory balances.

We note the significance of the risk is reducing in accordance with the Group's focus on reducing inventory balances over the course of the year.

- **Assessing application**: We have challenged, based on our knowledge of the business, any specific adjustments made to the provision that would have been recorded under the standard policy, obtaining support for changes to the assumptions used, such as historical stock turnover period.
- **Test of detail:** We assessed whether inventory was recorded at the lower of cost and net realisable value by comparing, on a sample basis, the recorded unit cost of stock against the market sales price at the time of testing, to assess whether a provision should have been recorded.

Our results

We found the carrying value of inventory to be acceptable (2017: acceptable).

The risk	Our response

Parent: Recoverability of parent Company's investment in subsidiaries – £78.8m (2017: £65.6m)

Refer to page 49 (Audit Committee Report), page 123 (accounting policy) and page 124 (financial disclosures) **Risk vs 2017 <>**

The risk

Low risk, high value

The carrying amount of the parent Company's investments in subsidiaries represents 47.8% (2017: 46.9%) of the parent Company's total assets. Their recoverability is not at high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.

Our response

Our procedures included:

- **Test of detail**: Comparing the carrying amount of 100% of the investment balance with the relevant subsidiaries' draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making.
- **Assessing subsidiary audits**: Considering the results of our audit work on the profits and net assets of those subsidiaries.

Our results

We found the Group's assessment of the recoverability of the investment in subsidiaries to be acceptable (2017: acceptable).

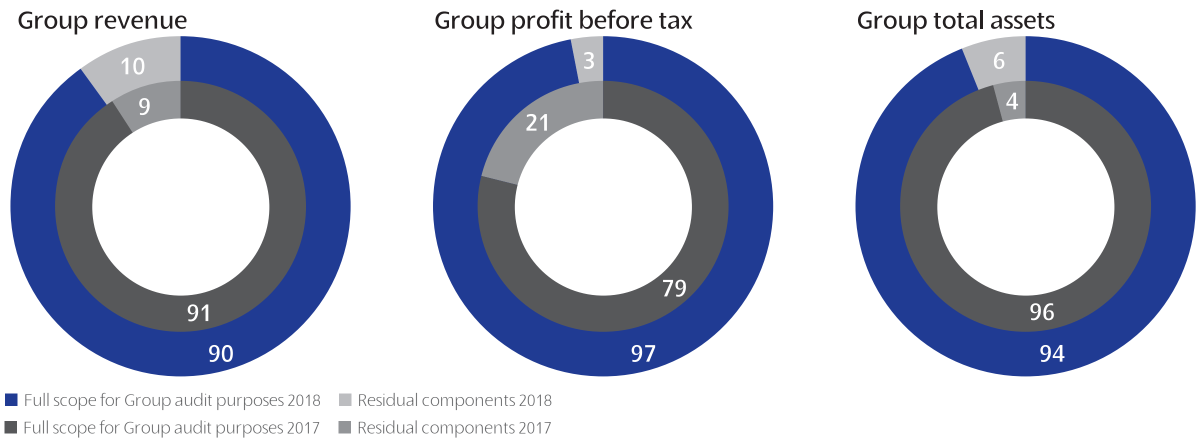
3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £520,000 (2017: £440,000), determined with reference to a benchmark of Group profit before tax of £11,644,000 (2017: £9,444,000), of which it represents 4.5% (2017: 4.7%).

Materiality for the parent Company financial statements as a whole was set as £494,000 (2017: £421,000) determined with reference to the benchmark of the Company's profit before tax, of which it represents 9% (2017: 9%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £26,000 (2017: £22,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Scoping and coverage



Of the Group's four (2017: four) reporting components, we subjected two (2017: two) to full scope audits for Group purposes. Audits for Group purposes were performed at the reporting components in the UK and the USA, covering 90% of total Group revenue (2017: 91%), 97% of Group profit before tax (2017: 79%) and 94% of Group total assets (2017: 96%).

The Group audit team has performed the audit of both the UK and USA components, and has addressed the significant risk areas detailed above. The Group team approved the following component materialities, having regard to the mix of size and risk profile of the Group across the components:

- UK £494,000 (2017: £421,000)
- USA £241,000 (2017: £207,000)

The remaining 10% of total Group revenue, 3% of Group profit before tax and 6% of total Group assets is represented by two reporting components, neither of which individually represented more than 7% of any of total Group revenue, Group profit before tax or total Group assets. For these residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

4. We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least 12 months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 41 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Strategic Report and Directors' Report

Based solely on our work on the other information:

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

Directors' Remuneration Report

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the viability statement on page 45 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the viability statement. We have nothing to report in this respect.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee ; or
- a Corporate Governance Statement has not been prepared by the Company.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the 11 provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

Based solely on our work on the other information described above:

- with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
  - we have not identified material misstatements therein; and
  - the information therein is consistent with the financial statements; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with the relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

6. We have nothing to report on the other matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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 and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 39 to 40, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the Directors and other management (as required by auditing standards).

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

In addition, we considered the impact of laws and regulations in the specific areas of health and safety, anti-bribery and employment law, recognising the financial nature of the Group's activities. With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the Directors and other management.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

As with any audit, there remained a higher risk of non-detection of non-compliance with relevant laws and regulations (irregularities), as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

John Bennett
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
22 May 2018

Consolidated Income Statement

For the year ended 28 February 2018

	Notes	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Revenue	3	161,510	142,564
Cost of sales		(77,155)	(67,686)
Gross profit		84,355	74,878
Marketing and distribution costs		(22,814)	(20,977)
Administrative expenses		(50,000)	(44,499)
Operating profit before highlighted items		13,114	11,997
Highlighted items	4	(1,573)	(2,595)
Operating profit	4	11,541	9,402
Finance income	6	151	138
Finance costs	6	(48)	(96)
Profit before taxation and highlighted items		13,217	12,039
Highlighted items	4	(1,573)	(2,595)
Profit before taxation		11,644	9,444
Taxation	7	(2,574)	(2,091)
Profit for the year attributable to owners of the Company		9,070	7,353

	Notes	2018	2017
Earnings per share attributable to owners of the Company			
Basic earnings per share	9	12.15p	9.83p
Diluted earnings per share	9	12.06p	9.81p

The notes on pages 80 to 117 form part of these consolidated financial statements.

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Consolidated Statement of Comprehensive Income

For the year ended 28 February 2018

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Profit for the year	9,070	7,353
Other comprehensive income		
Items that may be reclassified to the income statement:		
Exchange differences on translating foreign operations	(3,943)	4,587
Items that may not be reclassified to the income statement:		
Remeasurements on the defined benefit pension scheme	27	(58)
Other comprehensive income for the year net of tax	(3,916)	4,529
Total comprehensive income for the year attributable to the owners of the Company	5,154	11,882

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 7.

Consolidated Statement of Financial Position

As at 28 February 2018

	Notes	28 February 2018 £'000	28 February 2017 £'000
Assets			
Goodwill	10	42,139	42,548
Other intangible assets	11	19,885	21,214
Investments	12	300	–
Property, plant and equipment	13	2,083	2,248
Deferred tax assets	14	2,092	4,808
Trade and other receivables	16	1,530	1,951
Total non-current assets		68,029	72,769
Inventories	15	26,677	28,611
Trade and other receivables	16	76,857	75,808
Cash and cash equivalents		25,428	15,478
Total current assets		128,962	119,897
Total assets		196,991	192,666
Liabilities			
Retirement benefit obligations	22	170	255
Deferred tax liabilities	14	1,993	2,225
Other payables	17	–	2,191
Provisions	19	57	43
Total non-current liabilities		2,220	4,714
Trade and other payables	17	55,185	47,365
Current tax liabilities		–	1,265
Provisions	19	23	23
Total current liabilities		55,208	48,653
Total liabilities		57,428	53,367
Net assets		139,563	139,299
Equity			
Share capital	20	942	942
Share premium	20	39,388	39,388
Translation reserve	20	7,687	11,630
Other reserves	20	6,455	6,274
Retained earnings	20	85,091	81,065
Total equity attributable to owners of the Company		139,563	139,299

The financial statements were approved by the Board of Directors and authorised for issue on 22 May 2018.

J N Newton
Director

W Pallot
Director

FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Translation reserve £'000	Merger reserve £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Own shares held by EBT £'000	Retained earnings £'000	Total equity £'000
At 29 February 2016	**939**	**39,388**	**7,043**	**1,386**	**22**	**5,428**	**(7)**	**78,768**	**132,967**
Profit for the year	–	–	–	–	–	–	–	7,353	7,353
Other comprehensive income									
Exchange differences on translating foreign operations	–	–	4,587	–	–	–	–	–	4,587
Remeasurements on the defined benefit pension scheme	–	–	–	–	–	–	–	(58)	(58)
Total comprehensive income for the year	**–**	**–**	**4,587**	**–**	**–**	**–**	**–**	**7,295**	**11,882**
Transactions with owners									
Issue of shares	3	–	–	417	–	–	–	–	420
Purchase of shares by the Employee Benefit Trust	–	–	–	–	–	–	(1,196)	–	(1,196)
Dividends to equity holders of the Company	–	–	–	–	–	–	–	(4,819)	(4,819)
Share options exercised	–	–	–	–	–	–	160	(160)	–
Deferred tax on share-based payment transactions	–	–	–	–	–	–	–	(19)	(19)
Share-based payment transactions	–	–	–	–	–	64	–	–	64
Total transactions with owners of the Company	**3**	**–**	**–**	**417**	**–**	**64**	**(1,036)**	**(4,998)**	**(5,550)**
At 28 February 2017	**942**	**39,388**	**11,630**	**1,803**	**22**	**5,492**	**(1,043)**	**81,065**	**139,299**
Profit for the year	–	–	–	–	–	–	–	9,070	9,070
Other comprehensive income									
Exchange differences on translating foreign operations	–	–	(3,943)	–	–	–	–	–	(3,943)
Remeasurements on the defined benefit pension scheme	–	–	–	–	–	–	–	27	27
Total comprehensive income for the year	**–**	**–**	**(3,943)**	**–**	**–**	**–**	**–**	**9,097**	**5,154**
Transactions with owners									
Dividends to equity holders of the Company	–	–	–	–	–	–	–	(5,041)	(5,041)
Deferred tax on share-based payment transactions	–	–	–	–	–	–	–	(30)	(30)
Share-based payment transactions	–	–	–	–	–	181	–	–	181
Total transactions with owners of the Company	**–**	**–**	**–**	**–**	**–**	**181**	**–**	**(5,071)**	**(4,890)**
At 28 February 2018	**942**	**39,388**	**7,687**	**1,803**	**22**	**5,673**	**(1,043)**	**85,091**	**139,563**

Consolidated Statement of Cash Flows

For the year ended 28 February 2018

	Notes	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Cash flows from operating activities			
Profit for the year		9,070	7,353
Adjustments for:			
Depreciation of property, plant and equipment	13	434	541
Amortisation of intangible assets	11	4,002	3,988
Finance income	6	(151)	(138)
Finance costs	6	48	96
Share-based payment charges	21	202	73
Tax expense	7	2,574	2,091
		16,179	14,004
Decrease in inventories		1,399	1,334
Increase in trade and other receivables		(2,529)	(2,873)
Increase in trade and other payables		6,969	7,318
Cash generated from operating activities		22,018	19,783
Income taxes paid		(3,049)	(1,009)
Net cash generated from operating activities		18,969	18,774
Cash flows from investing activities			
Purchase of property, plant and equipment		(314)	(267)
Purchases of intangible assets		(2,808)	(2,628)
Purchases of investments		(300)	–
Interest received		139	120
Net cash used in investing activities		(3,283)	(2,775)
Cash flows from financing activities			
Equity dividends paid	18	(5,041)	(4,819)
Purchase of shares by the Employee Benefit Trust		–	(1,196)
Interest paid	18	(31)	(72)
Net cash used in financing activities	18	(5,072)	(6,087)
Net increase in cash and cash equivalents		10,614	9,912
Cash and cash equivalents at beginning of year		15,478	5,166
Exchange (loss)/gain on cash and cash equivalents		(664)	400
Cash and cash equivalents at end of year		25,428	15,478

1. Reporting entity

Bloomsbury Publishing Plc (the "Company") is a company domiciled in the United Kingdom. The address of the Company's registered office can be found on page 132. The consolidated financial statements of the Company as at and for the year ended 28 February 2018 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the publication of books and other related services.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations adopted by the European Union ("EU") at the time of preparing these financial statements and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention and on a going concern basis.

c) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review on pages 1 to 33. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 11 to 15. In addition, note 23 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposures to credit risk and liquidity risk.

The Directors believe that the Group's diversification of product and geographical spread together with its monitoring and forecasting processes place the Group well in managing its business risks. The Group's forecasts and projections, taking into account reasonable possible changes in trading performance, indicate that the Group is able to operate within the level of its current available facilities including compliance with the bank facility covenants. Details of the bank facility and its covenants are shown in note 23c.

After making enquiries of senior management and reviewing cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence at least until June 2019, being the period of the detailed going concern assessment reviewed by the Board. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Critical judgements and areas where the use of estimates is significant are disclosed in note 2v.

e) Application of new and amended standards and interpretations

The following amendments and interpretations were introduced to accounting standards relevant to the Group during the year ended 28 February 2018. The table below summarises the impact of these changes to the Group:

Accounting standard	Description of change	Impact on financial statements
Annual improvements to IFRSs 2014-2016 cycle – IFRS 12 Disclosure of Interest in Other Entities	The disclosure requirements for interests in other entities also apply to interests that are classified as held for distribution.	The amendment has not had any impact on the Group.
Amendments to IAS 7 Disclosure Initiative	The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	The amendment has not had any impact on the Group. Additional disclosure has been made where relevant.
Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses	The amendments to IAS 12 bring some clarity to when a temporary difference is triggered for unrealised losses and whether to recognise a deferred tax asset.	The amendment has not had any impact on the Group.

The Group has not early adopted the following new and revised accounting standards, interpretations or amendments issued by the International Accounting Standards Board that are currently endorsed but not yet effective:

Accounting standard	Description of change	Impact on financial statements
IFRS 9 Financial Instruments – effective for annual periods beginning after 1 January 2018	The new standard sets out the requirements for the classification, measurement and recognition of financial assets and liabilities, and makes changes to the current disclosure framework.	The Directors are in the process of assessing the impact on the Group.
IFRS 15 Revenue from Contracts with Customers – effective for annual periods beginning after 1 January 2018	The new standard establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.	The Group will apply IFRS 15 from 1 March 2018 and intends to adopt the cumulative effect method. Under this method, comparatives for the 2018 financial year will not be restated with the cumulative effect shown as an adjustment to the opening retained earnings. The Group is in the process of assessing the impact IFRS 15 will have on its business practices, controls, operations, recognition policies and financial reporting. A full assessment will be concluded in time for the interim financial reporting period of the 2019 financial year. In our initial assessments we have identified the following key areas to be impacted in our line of business:

Accounting standard	Description of change	Impact on financial statements
IFRS 15 Revenue from Contracts with Customers effective for annual periods beginning after 1st January 2018	Subscription income	Revenue for digital subscriptions are recognised on a straight-line basis based over the period of subscription. Recognition of revenue of digital subscriptions, similarly to e-books, is not likely to change under IFRS 15. The exception is digital platform sales with perpetual access. This is currently recognised immediately once the customer has been given access to the live platform. Under IFRS 15, where perpetual access has been granted in reference to digital platforms the revenue should be recognised over time if the platform is contracted, or expected, to be updated or enhanced over time. An element of the Group's digital platforms fall under this scenario where the performance obligations are performed over time; hence a proportion of the revenue should be deferred and recognised over the same period. The revised treatment is likely to result in higher deferred income on adoption on 1 March 2018.
	Licence income (part of Rights and Services)	Under IFRS 15, revenue from licence income is recognised either at a point in time or over time. The new standard highlights that a customer cannot substantially benefit from the licence at a point in time at which the licence is granted if the intellectual property, to which the customer has rights to, changes throughout the licenced period. We are assessing all material licence incomes recognised in recent financial years and the Group's initial assessment indicates that recognition would not be materially impacted by the requirements of IFRS 15.
	Returns provision	Under IFRS 15, the statement of financial position presentation of the provision for returns and associated inventory recovery and royalty recovery assets is expected to change. The standard does not allow offsetting of these balances.
	Disclosure	IFRS 15 also requires increased disclosure, in particular analysis of disaggregated revenues, contract balances and transaction price allocated to the remaining performance obligations. This disclosure will be incorporated in the 2019 Annual Report.

Accounting standard	Description of change	Impact on financial statements
IFRS 16 Leases effective for annual periods beginning after 1 January 2019	The new standard replaces IAS 17 Leases and related interpretations and details the requirements for the classification, measurement and recognition of lease arrangements.	The adoption of the standard is likely to have an impact on the Group and the Directors continue to assess the impact. The Group plans to apply IFRS 16 on 1 March 2019, and anticipates using the modified retrospective approach. Under this approach, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings on 1 March 2019, with no restatement of comparative information.
Other standards	A number of other new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017 and have not been applied in preparing these financial statements.	The Directors do not anticipate the application of these standards and amendments will have a material impact on the Group's consolidated financial statements.

f) Basis of consolidation

i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Group measures goodwill at the acquisition date as:

- the fair value of consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Where the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with the business combination are expensed as incurred.

Any contingent consideration payable is measured and recognised at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration are recognised in the income statement.

ii) Subsidiaries

The consolidated financial statements comprise the financial information of the Company and its subsidiaries.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Accounting policies of subsidiaries are aligned with accounting policies adopted by the Group to ensure consistency.

All subsidiaries except Bloomsbury Publishing India Private Limited have a reporting period end of 28 February. Bloomsbury Publishing India Private Limited has a reporting period end of 31 March, which aligns with the Indian Government's financial year.

iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any non-controlling interests and the other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

iv) **Transactions eliminated on consolidation**

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

g) Revenue

Revenue represents the fair value of consideration received from the provision of goods, services and rights falling within the Group's ordinary activities, after deduction of trade discounts, value added tax and anticipated returns.

i) Revenue from book publishing is recognised when title passes to the customer. A provision for anticipated returns is made based primarily on historical return rates in each territory. If these do not reflect actual returns in future periods then revenues could be understated or overstated for a particular period.

ii) Revenue from the sale of publishing and distribution rights, including film, paperback, electronic, overseas publishing rights, and sponsorship, is recognised when the Group has discharged its obligations under the arrangement to deliver the associated material, and the Group has either received appropriately enacted contractual documentation.

iii) Revenue for digital subscriptions are recognised on a straight-line basis based over the period of subscription. The exception is digital platform sales with perpetual access. This is currently recognised immediately once the customer has been given access to the live platform.

iv) Revenue from management services contracts is usually recognised on a straight-line basis over the period that the service is provided.

v) Revenue from e-book sales is recognised when content is delivered.

Where contractual arrangements consist of two or more separate elements, such as access to multiple titles, revenue is recognised for each element as if it were an individual contractual arrangement.

h) Foreign currencies

i) **Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). These consolidated financial statements are presented in sterling as this is the most representative currency of the Group's operations. All financial information presented in sterling has been rounded to the nearest thousand except where otherwise stated.

ii) **Transactions and balances**

Transactions in currencies other than the functional currency are recorded in the functional currency at the rates of exchange prevailing on the dates of the transactions. Assets and liabilities in foreign currencies are translated into sterling at closing rates of exchange at the date of the statement of financial position.

Exchange differences are charged or credited to the income statement within administrative expenses.

iii) **Group companies**

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at the average exchange rates over the period; and
- All resulting exchange differences are recognised in other comprehensive income and presented in the translation reserve in equity. On disposal of a foreign entity these exchange differences are recycled to the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in equity.

i) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

The Group recognises liabilities for anticipated tax issues based on estimates of the additional taxes that are likely to become due, which require judgement. Amounts are accrued based on the Director's interpretation of specific tax law in the relevant country and the likelihood of settlement. The Directors use in-house tax experts, professional firms and previous experience when assessing tax risks. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be generated to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the end of the reporting period.

iii) Current and deferred tax for the year

Current and deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to other comprehensive income or equity, in which case the deferred tax is also recognised in other comprehensive income or equity respectively.

j) Goodwill and other intangible assets

i) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 2f)i) less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently where there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

ii) **Other intangible assets**

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Except for goodwill and assets under construction, intangible assets are amortised on a straight-line basis in the income statement over their expected useful lives by equal annual instalments at the following rates:

Publishing relationships	— 7% to 20% per annum
Imprints	— 3% to 10% per annum
Subscriber and customer relationships	— 7% to 17% per annum
Trademarks	— over the life of the trademark
Product and systems development	— 14% to 20% per annum

Assets under construction relate to the costs of developing a product, typically an online platform, which is yet to go live.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively if appropriate.

iii) **Product and systems development**

Costs that are directly associated with the purchase and implementation of systems, such as software products, are recognised as intangible assets. Likewise, costs incurred in developing a product, typically an online platform, are recognised as intangible assets.

Expenditure is only capitalised if costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Group has sufficient resources to complete development and use the asset.

k) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Property, plant and equipment are depreciated in order to write down their cost less residual value using the straight-line method over their expected useful lives at the following rates:

Short leasehold improvements	— over the remaining life of the lease
Furniture and fittings	— 10% per annum
Computers and other office equipment	— 20% per annum
Motor vehicles	— 25% per annum

Depreciation is prorated in the years of acquisition and disposal of an asset. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

l) Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

m) Inventories

The cost of work in progress and finished goods represents the amounts invoiced to the Group for origination, paper, printing and binding. Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Provisions are made for slow-moving and obsolete stock.

n) Royalty advances to authors

Advances of royalties to authors are included within current receivables when the advance is paid less any provision required to adjust the advance to its net realisable value. The royalty advance is expensed at the contracted royalty rate as the related revenues are earned.

o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

p) Financial instruments

Financial assets and financial liabilities are recognised when the Group has become a party to the contractual provisions of the instrument. The Group's financial assets and liabilities are as below:

Trade receivables

Trade receivables are initially stated at fair value after provision for bad and doubtful debts and anticipated future sales returns and thereafter they are held at amortised cost.

Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash in hand and at bank, other short-term deposits held by the Group and overdrafts. Bank overdrafts are included in current liabilities in the statement of financial position.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Trade payables

Trade payables are not interest bearing and are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

q) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases by the lessee. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

r) Employee benefits

i) *Defined contribution plans*

Pension costs relating to defined contribution pension schemes are recognised in the income statement in the period for which related services are rendered by the employee.

ii) *Defined benefit plans*

Until 1997, a subsidiary company operated a defined benefit pension scheme. The retirement obligation recognised in the statement of financial position represents the net of the present value of the defined benefit obligation and the fair value of plan assets at the statement of financial position date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate to the net defined benefit obligation and is presented as finance costs or finance income.

iii) *Termination benefits*

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan either to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

iv) *Share-based payment transactions*

The Group issues equity-settled share-based payment instruments to certain employees. Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is charged to the income statement on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest.

Options granted under the Company Share Option Plan and Sharesave Plan are equity-settled. The fair values of such options have been calculated using the Black–Scholes model based on publicly available market data.

Awards granted under the Group's Performance Share Plan are equity-settled. For previous year awards, part of any award granted under the Plan is subject to a Total Shareholder Return performance condition. The fair value of this element of the awards is calculated using the Stochastic model. For current year awards, part of any award under the Plan is subject to a Return on Capital Employed performance condition. These have been measured based on the share price at the date of grant as they are only subject to non-market conditions. The other part of any award granted under the Plan is subject to an Earnings Per Share performance condition. The fair value of this element of the awards is calculated using the Black–Scholes model. Where the awards are subject to a holding period, we have used the Chaffe model to determine a discount for lack of marketability.

s) Employee benefit trust

The Company operates an employee benefit trust and has de facto control of shares held by the trust and bears their benefits and risks. The Group considers the trust to be substantially under its control and so consolidates the financial information of the trust as stated in note 2f. The Group records the assets and liabilities of the trust as its own and shares held by the trust are recorded at cost as a deduction from Shareholders' equity. Finance costs and administrative expenses are charged as they accrue.

t) Segmental reporting

Operating segments, which have not been aggregated, are reported in a manner that is consistent with the internal reporting provided to the Chief Executive Officer ("CEO"), regarded as the Chief Operating Decision Maker.

The CEO views the Group primarily from a nature of business basis, reflecting the divisional performance of Consumer, made up of Children's Trade and Adult Trade, and Non-Consumer, made up of Academic & Professional, Special Interest and Content Services. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Performance is evaluated based on operating profit contributions using the same accounting policies as adopted for the Group's financial statements.

u) Dividends

Dividends are recognised as liabilities once they are appropriately authorised.

v) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. The resultant estimates will, by definition, not necessarily equal the related actual results and may require adjustment in subsequent accounting periods. The estimates and assumptions that may cause a material adjustment to the carrying amount of assets and liabilities in the next financial year are:

i) Revenue recognition

This is a judgement because management is required to decide whether the revenue recognition criteria has been met for a contract. Certain contracts entered into by the Group may include: the licensing or outright sale of the Group's intellectual property; the provision of ongoing consultancy services; or a bundled combination of both.

The Group considers contractual terms and makes judgements in assessing when the triggers for revenue recognition have been met, particularly that the Group has sufficiently fulfilled its obligations under the contract to allow revenue to be recognised and the allocation of revenue between multiple deliverables.

ii) Book returns

This is an estimate as it requires management to estimate the level of expected future returns. As books are returnable by customers, the Group makes a provision against books sold in the accounting period which is then carried forward and offset against trade receivables in the statement of financial position in anticipation of book returns received subsequent to the reporting period end. The provision is calculated by reference to historical returns rates and expected future returns.

iii) Author advances

This is an estimate as it requires management to estimate the future sales of a title. A provision is made by the Group against advances on published titles which may not be covered by royalties on anticipated future title sales or subsidiary rights receivable. At the end of each financial year a review is carried out on all published title advances. If it is unlikely that royalties from future title sales or subsidiary rights will fully earn down the advance, a provision is made in the income statement for the difference between the carrying value and the anticipated recoverable amount from future earnings.

iv) Inventory

This is an estimate as it requires management to estimate the net realisable value for inventory. At the end of each reporting period a review is carried out on all published titles where inventory is held. A provision is made by the Group against unsold inventory on a title-by-title basis, with regard to historical net sales and expected future net sales, to value the inventories at the lower of cost and net realisable value.

v) Impairment reviews

This is an estimate as it requires an estimation of future cash flows relating to each CGU. IFRS require management to undertake an annual test for impairment of indefinite life assets and, for finite life assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Group currently undertakes an annual impairment test covering goodwill and other indefinite life assets and also reviews finite life assets to consider whether a full impairment review is required.

Intangible assets recoverability is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made. Note 10 details the assumptions used.

3. Segmental analysis

The Group is comprised of two worldwide publishing divisions: Consumer and Non-Consumer, reflecting the core customers for our different operations. The Consumer division is further split out into two operating segments: Children's Trade and Adult Trade. Non-Consumer is split between four operating segments: Academic & Professional, Educational, Special Interest and Content Services. Educational has been aggregated with Academic & Professional to create one reportable segment. Both operating segments share very similar products, customers and sales behaviours.

Each reportable segment represents a cash-generating unit for the purpose of impairment testing. We have allocated goodwill between reportable segments. These divisions are the basis on which the Group primarily reports its segment information. Segments derive their revenue from book publishing, sale of publishing and distribution rights, management and other publishing services.

* The results for the year ended 28 February 2017 have been restated to reflect a change in the allocation of central administration costs, in order to provide a better understanding of underlying divisional results. This change has not affected the consolidated Group result.

The analysis by segment is shown below:

Year ended 28 February 2018	Children's Trade £'000	Adult Trade £'000	Consumer £'000	Academic & Professional £'000	Special Interest £'000	Content Services £'000	Non-Consumer £'000	Unallocated £'000	Total £'000
External revenue	**69,150**	**33,071**	**102,221**	**36,517**	**21,308**	**1,464**	**59,289**	**–**	**161,510**
Cost of sales	(34,128)	(18,264)	(52,392)	(14,834)	(9,491)	(438)	(24,763)	–	(77,155)
Gross profit	**35,022**	**14,807**	**49,829**	**21,683**	**11,817**	**1,026**	**34,526**	**–**	**84,355**
Marketing and distribution costs	(10,076)	(5,258)	(15,334)	(4,378)	(2,978)	(124)	(7,480)	–	(22,814)
Contribution before administrative expenses	**24,946**	**9,549**	**34,495**	**17,305**	**8,839**	**902**	**27,046**	**–**	**61,541**
Administrative expenses excluding highlighted items	(13,323)	(9,777)	(23,100)	(17,666)	(6,614)	(1,047)	(25,327)	–	(48,427)
Operating profit/(loss) before highlighted items/segment results	**11,623**	**(228)**	**11,395**	**(361)**	**2,225**	**(145)**	**1,719**	**–**	**13,114**
Amortisation of acquired intangible assets	–	(18)	(18)	(1,368)	(182)	(5)	(1,555)	–	(1,573)
Operating profit/(loss)	**11,623**	**(246)**	**11,377**	**(1,729)**	**2,043**	**(150)**	**164**	**–**	**11,541**
Finance income	–	–	–	–	–	–	–	151	151
Finance costs	–	–	–	–	–	–	–	(48)	(48)
Profit/(loss) before taxation	**11,623**	**(246)**	**11,377**	**(1,729)**	**2,043**	**(150)**	**164**	**103**	**11,644**
Taxation	–	–	–	–	–	–	–	(2,574)	(2,574)
Profit/(loss) for the year	**11,623**	**(246)**	**11,377**	**(1,729)**	**2,043**	**(150)**	**164**	**(2,471)**	**9,070**
Operating profit/(loss) before highlighted items/segment results	**11,623**	**(228)**	**11,395**	**(361)**	**2,225**	**(145)**	**1,719**	**–**	**13,114**
Depreciation	146	89	235	126	66	7	199	–	434
Amortisation of internally generated intangibles	272	198	470	1,693	241	25	1,959	–	2,429
EBITDA before highlighted items	**12,041**	**59**	**12,100**	**1,458**	**2,532**	**(113)**	**3,877**	**–**	**15,977**

* Restated

Year ended 28 February 2017	Children's Trade £'000	Adult Trade £'000	Consumer £'000	Academic & Professional £'000	Special Interest £'000	Content Services £'000	Non-Consumer £'000	Unallocated £'000	Total £'000
External revenue	**55,915**	**29,459**	**85,374**	**36,915**	**18,404**	**1,871**	**57,190**	**–**	**142,564**
Cost of sales	(26,838)	(15,688)	(42,526)	(15,474)	(9,076)	(610)	(25,160)	–	(67,686)
Gross profit	**29,077**	**13,771**	**42,848**	**21,441**	**9,328**	**1,261**	**32,030**	**–**	**74,878**
Marketing and distribution costs	(8,751)	(5,034)	(13,785)	(4,600)	(2,455)	(137)	(7,192)	–	(20,977)
Contribution before administrative expenses	**20,326**	**8,737**	**29,063**	**16,841**	**6,873**	**1,124**	**24,838**	**–**	**53,901**
Administrative expenses excluding highlighted items	(10,447)	(9,201)	(19,648)	(15,142)	(6,195)	(919)	(22,256)	–	(41,904)
Operating profit/(loss) before highlighted items/segment results	**9,879**	**(464)**	**9,415**	**1,699**	**678**	**205**	**2,582**	**–**	**11,997**
Amortisation of acquired intangible assets	–	(18)	(18)	(1,478)	(182)	(5)	(1,665)	–	(1,683)
Other highlighted items	–	–	–	–	–	–	–	(912)	(912)
Operating profit/(loss)	**9,879**	**(482)**	**9,397**	**221**	**496**	**200**	**917**	**(912)**	**9,402**
Finance income	–	–	–	–	–	–	–	138	138
Finance costs	–	–	–	–	–	–	–	(96)	(96)
Profit/(loss) before taxation	**9,879**	**(482)**	**9,397**	**221**	**496**	**200**	**917**	**(870)**	**9,444**
Taxation	–	–	–	–	–	–	–	(2,091)	(2,091)
Profit/(loss) for the year	**9,879**	**(482)**	**9,397**	**221**	**496**	**200**	**917**	**(2,961)**	**7,353**
Operating profit/(loss) before highlighted items/segment results	**9,879**	**(464)**	**9,415**	**1,699**	**678**	**205**	**2,582**	**–**	**11,997**
Depreciation	162	109	271	162	98	10	270	–	541
Amortisation of internally generated intangibles	268	194	462	1,454	365	24	1,843	–	2,305
EBITDA before highlighted items	**10,309**	**(161)**	**10,148**	**3,315**	**1,141**	**239**	**4,695**	**–**	**14,843**

Total assets

	28 February 2018 £'000	28 February 2017 £'000
Children's Trade	**9,163**	9,057
Adult Trade	**7,788**	8,282
Academic & Professional	**55,302**	58,709
Special Interest	**13,349**	13,416
Content Services	**162**	198
Unallocated	**111,227**	103,004
Total assets	**196,991**	192,666

Unallocated primarily represents centrally held assets including system development; property, plant and equipment; receivables; and cash.

External revenue by destination

	Source United Kingdom £'000	North America £'000	Australia £'000	India £'000	Total £'000
Destination					
Year ended 28 February 2018					
United Kingdom (country of domicile)	60,264	20	–	–	60,284
North America	7,821	42,705	–	–	50,526
Continental Europe	16,335	975	–	–	17,310
Australasia	928	–	12,087	–	13,015
Middle East and Asia	7,038	518	–	3,621	11,177
Rest of the world	8,935	263	–	–	9,198
Overseas countries	41,057	44,461	12,087	3,621	101,226
Total	101,321	44,481	12,087	3,621	161,510
Year ended 28 February 2017					
United Kingdom (country of domicile)	55,249	30	–	–	55,279
North America	7,999	38,314	–	–	46,313
Continental Europe	11,397	52	–	–	11,449
Australasia	521	431	10,530	–	11,482
Middle East and Asia	5,700	1,625	–	2,802	10,127
Rest of the world	7,819	95	–	–	7,914
Overseas countries	33,436	40,517	10,530	2,802	87,285
Total	88,685	40,547	10,530	2,802	142,564

During the year, sales to one customer exceeded 10% of Group revenue (2017: one customer). The value of these sales was £39,721,000 (2017: £30,958,000).

External revenue by product type

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Print	134,808	117,261
Digital	18,048	16,036
Rights and Services[1]	8,654	9,267
Total	161,510	142,564

[1] Rights and Services revenue includes revenue from copyright and trademark licences, management contracts, advertising and publishing services.

Analysis of non-current assets (excluding deferred tax assets) by geographic location

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
United Kingdom (country of domicile)	61,136	62,652
North America	4,699	5,168
Other	102	141
Total	65,937	67,961

4. Operating profit

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

	Notes	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Purchase of goods and changes in inventories	15	43,512	41,761
Auditor's remuneration (see below)		264	255
Depreciation of property, plant and equipment	13	434	541
Operating leases		1,866	1,641
Highlighted items (see below)		1,573	2,595
Provision made against advances		5,381	3,379
Exchange loss/(gain)		988	(684)
Staff costs (excluding termination benefits)	5	31,881	28,825

Highlighted items

	Notes	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Restructuring costs		–	881
Other		–	31
Other highlighted items		–	912
Amortisation of acquired intangible assets	11	1,573	1,683
Total highlighted items		1,573	2,595

Highlighted items charged to operating profit comprise significant non-cash charges and major one-off initiatives which are highlighted in the income statement because, in the opinion of the Directors, separate disclosure is helpful in understanding the underlying performance and future profitability of the business.

All highlighted items are included in administrative expenses in the income statement.

In 2017, restructuring costs of £881,000 were incurred primarily as a result of strategic restructuring of the Bloomsbury US business.

The other cost of £31,000 in 2017 relate to costs on a historic tax enquiry with HMRC.

Auditor's remuneration

Amounts payable to KPMG LLP and its associates in respect of both audit and non-audit services are as follows:

	Year ended 28 February 2018			Year ended 28 February 2017		
	UK £'000	Overseas £'000	Total £'000	UK £'000	Overseas £'000	Total £'000
Fees payable to the Company's Auditor for the audit of the parent Company and consolidated financial statements	140	75	215	140	75	215
Fees payable to the Company's Auditor and its associates for other services:						
Audit of the Company's subsidiaries pursuant to legislation	5	9	14	5	–	5
Other services pursuant to legislation:						
Interim review	35	–	35	35	–	35
Total	180	84	264	180	75	255

5. Staff costs

Staff costs, including Directors, during the year were:

	Notes	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Salaries (including bonuses)		27,861	25,686
Social security costs		2,699	2,026
Pension costs	22	1,119	1,040
Share-based payment charge	21	202	73
Staff costs (excluding redundancy costs)	4	31,881	28,825
Termination benefits		246	692
Total		32,127	29,517

In 2017, the above termination benefits are included as part of restructuring costs in highlighted items.

The average monthly number of employees during the year was:

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Editorial, production and selling	536	482
Finance and administration	91	124
Total	627	606

Staff costs are charged to administrative expenses.

Three (2017: three) Directors were accruing benefits during the year under defined contribution pension arrangements.

Total emoluments for Directors was:

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Short-term employee benefits	2,496	2,037
Post-employment benefits	141	134
Total	2,637	2,171

The Group considers key management personnel as defined under IAS 24 "Related Party Disclosures" to be the Executive Directors of the Company and those Directors of the global divisions, major geographic regions and departments who are actively involved in strategic decision-making.

Total emoluments for Executive Directors and other key management personnel were:

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Short-term employee benefits	3,567	3,446
Post-employment benefits	219	199
Share-based payment charge	128	155
Total	3,914	3,800

6. Finance income and finance costs

	Notes	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Finance income			
Interest on bank deposits		21	14
Other interest receivable		118	106
Return on pension plan assets	22	12	18
Total		151	138
Finance costs			
Interest cost on pension obligations	22	17	23
Interest on bank overdraft and loans		31	65
Other interest payable		–	8
Total		48	96

7. Taxation

a) Tax charge for the year

	Notes	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Current taxation			
UK corporation tax			
Current year		2,236	1,044
Adjustment in respect of prior years		(576)	(332)
Overseas taxation			
Current year		290	3,275
Adjustment in respect of prior years		(1,334)	94
		616	4,081
Deferred tax	14		
UK			
Origination and reversal of temporary differences		(114)	429
Adjustment in respect of prior years		(103)	(284)
Tax rate adjustment		–	(149)
Overseas			
Origination and reversal of temporary differences		40	(1,921)
Adjustment in respect of prior years		1,271	(65)
Tax rate adjustment		864	–
		1,958	(1,990)
Total taxation expense		2,574	2,091

b) Factors affecting tax charge for the year

The tax on the Group's profit before tax differs from the standard rate of corporation tax in the United Kingdom of 19.08% (2017: 20.00%). The reasons for this are explained below:

	Year ended 28 February 2018		Year ended 28 February 2017	
	£'000	%	£'000	%
Profit before taxation	11,644	100.0	9,444	100.0
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.08% (2017: 20.00%)	2,222	19.1	1,889	20.0
Effects of:				
Non-deductible revenue expenditure	111	1.0	432	4.6
Non-qualifying depreciation	–	–	(32)	(0.3)
Movement in unrecognised temporary differences	(16)	(0.1)	(71)	(0.8)
Different rates of tax in foreign jurisdictions	134	1.1	693	7.3
Tax losses utilised	1	–	(104)	(1.1)
Movement in deferred tax rate	864	7.4	(149)	(1.6)
Adjustment to tax charge in respect of prior years				
Current tax	(1,910)	(16.4)	(238)	(2.5)
Deferred tax	1,168	10.0	(349)	(3.7)
Tax charge for the year before disallowable costs on highlighted items	2,574	22.1	2,071	21.9
Highlighted items:				
Disallowable costs	–	–	20	0.2
Tax charge for the year	2,574	22.1	2,091	22.1

Non-deductible revenue expenditure mainly relates to disallowable foreign exchange. Different rates of tax in foreign jurisdictions is where we are paying tax at higher rates in the US and Australia. The movement in deferred tax rate primarily relates to the reduction in the US Federal tax rate from 35% to 21% in January 2018.

Adjustments to prior periods primarily arise where an outcome is obtained on certain tax matters which differs from expectations held when the related provision was made. Where the outcome is more favourable than the provision made, the difference is released, lowering the current year tax charge. Where the outcome is less favourable than our provision, an additional charge to current year tax will occur.

In 2017, the Group identified a potential tax exposure relating to the treatment of inventory valuation adjustments in the US. Accordingly, a current tax provision was recognised for the potential exposure. Following finalisation of the appropriate tax treatment, it has been agreed with the IRS that any tax deductions associated with inventory valuation adjustments will be payable over three years. Accordingly, the £1.3 million unpaid current tax provision has been reversed, and a corresponding deferred tax liability has been recognised due to the temporary difference that arises between the accounting and tax treatment. The £1.3 million deferred tax debit and £1.3 million current tax credit have been recognised as an adjustment in respect of prior years in the above tax charge for the year.

In 2018, the £576,000 UK current tax credit in respect of prior years relates to the carry back of double taxation relief to prior years and the settlement of an old claim with HMRC that was previously considered remote to materialise.

We are not aware of any significant unprovided exposures that are considered likely to materialise.

c) Factors affecting tax charge for future years

Reductions in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) were substantively enacted on 6 September 2016. They will reduce the Company's future current tax charge accordingly. The deferred tax asset at 28 February 2018 has been calculated based on the substantively enacted rates.

The enactment of the US Tax Cuts and Jobs Act on 22 December 2017 has reduced the US federal corporation tax rate from 35% to 21% from 21 January 2018. The rate reduction is expected to have a favourable long-term impact on the Group's tax charge from the US. The deferred tax assets and liabilities have been remeasured at 23.73%, being the combination of US federal and state tax rates, giving rise to a charge in the current year income statement.

d) Tax effects of components of other comprehensive income

	Before tax 2018 £'000	Tax charge 2018 £'000	After tax 2018 £'000	Before tax 2017 £'000	Tax charge 2017 £'000	After tax 2017 £'000
Exchange difference on translating foreign operations	(3,943)	–	(3,943)	4,587	–	4,587
Remeasurements on the defined benefit pension scheme	33	(6)	27	(70)	12	(58)
Other comprehensive income	(3,910)	(6)	(3,916)	4,517	12	4,529

8. Dividends

	Year ended 28 February 2018 Number	Year ended 28 February 2017 Number
Amounts paid in the year		
Prior period final 5.60p dividend per share (2017: 5.34p)	4,182	3,996
Interim 1.15p dividend per share (2017: 1.10p)	859	823
Total dividend payments in the year	5,041	4,819
Amounts arising in respect of the year		
Interim 1.15p dividend per share for the year (2017: 1.10p)	859	823
Proposed 6.36p final dividend per share for the year (2017: 5.60p)	4,749	4,182
Total dividend 7.51p per share for the year (2017: 6.70p)	5,608	5,005

The Directors are recommending a final dividend of 6.36 pence per share, which, subject to Shareholder approval at the Annual General Meeting, will be paid on 24 August 2018 to Shareholders on the register at close of business on 26 July 2018.

9. Earnings per share

The basic earnings per share for the year ended 28 February 2018 is calculated using a weighted average number of Ordinary shares in issue of 74,677,559 (2017: 74,820,311) after deducting shares held by the Employee Benefit Trust.

The diluted earnings per share is calculated by adjusting the weighted average number of Ordinary shares to take account of all dilutive potential Ordinary shares, which are in respect of unexercised share options and the Performance Share Plan.

	Year ended 28 February 2018 Number	Year ended 28 February 2017 Number
Weighted average shares in issue	74,677,559	74,820,311
Dilution	538,096	111,762
Diluted weighted average shares in issue	75,215,655	74,932,073
	£'000	£'000
Profit after tax attributable to owners of the Company	9,070	7,353
Basic earnings per share	12.15p	9.83p
Diluted earnings per share	12.06p	9.81p
	£'000	£'000
Adjusted profit attributable to owners of the Company	10,472	9,465
Adjusted basic earnings per share	14.02p	12.65p
Adjusted diluted earnings per share	13.92p	12.63p

Adjusted profit is derived as follows:

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Profit before taxation	11,644	9,444
Amortisation of acquired intangible assets	1,573	1,683
Other highlighted items	–	912
Adjusted profit before tax	13,217	12,039
Tax expense	2,574	2,091
Deferred tax movements on goodwill and acquired intangible assets	171	321
Tax expense on other highlighted items	–	162
Adjusted tax	2,745	2,574
Adjusted profit	10,472	9,465

The Group includes the benefit of tax amortisation of intangible assets within adjusted tax as this benefit more accurately aligns the adjusted tax charge with the expected cash tax payments.

10. Goodwill

	28 February 2018 £'000	28 February 2017 £'000
Cost		
At start of year	46,812	46,352
Exchange differences	(413)	460
At end of year	46,399	46,812
Impairment		
At start of year	4,264	4,260
Exchange differences	(4)	4
At end of year	4,260	4,264
Net book value		
At end of year	42,139	42,548
At start of year	42,548	42,092

Goodwill is not amortised, but instead is subject to annual impairment reviews. Any impairment losses are recognised immediately in the income statement.

Management has aligned the monitoring of goodwill to how it reviews the performance of the business. Goodwill is monitored by management at the publishing division level. The following is a summary of goodwill allocation for each publishing division:

	28 February 2018 £'000	28 February 2017 £'000
Children's Trade	1,724	1,908
Adult Trade	2,186	2,411
Academic & Professional	33,276	33,276
Special Interest	4,953	4,953
Total	42,139	42,548

Impairment testing

The recoverable amount of the Group's goodwill has been considered with regard to value-in-use calculations. These calculations use the pre-tax future cash flow projections of each cash-generating unit ("CGU") based on the Board's approved budgets for the year ended 28 February 2019 and the Board-approved five-year plan. The calculations include a terminal value based on the projections for the final year of the five-year plan with a long-term growth rate assumption applied.

The key assumptions for calculating value in use are:

	Discount rates		Revenue growth		Long-term Growth	
	2018 **%**	2017 %	**2018** **%**	2017 %	**2018** **%**	2017 %
Children's Trade	**11.4**	9.8	**1.4–4.3**	(2.9)–7.4	**2.1**	2.3
Adult Trade	**11.1**	9.9	**3.9–8.8**	4.1–7.6	**2.1**	2.3
Academic & Professional	**11.0**	9.0	**3.9–8.9**	5.0–13.3	**2.1**	2.3
Special Interest	**12.2**	10.6	**2.6–2.9**	2.8–3.1	**2.1**	2.3

Discount rates

The discount rates applied to the cash flows are calculated using a pre-tax rate based on the weighted average cost of capital for the Group. This is adjusted for risks specific to the market in which the CGU operates. The Group has considered the impact of the current economic climate in determining appropriate discount rates.

Revenue growth rates

Growth rates have been calculated based on those applied to the Board-approved budget for the year ended 28 February 2019 and five-year plan. They incorporate future expectations of growth in backlist revenues and identified new revenue streams. The range of growth rates noted above covers specific rates applied for each of the next five years.

Long-term growth rates

The five-year forecasts are extrapolated to perpetuity on the basis that the relevant CGUs are long established business units. The long-term growth rates are blended rates formed from the territory-specific long-term growth rates.

Gross margins

Gross margins have been based on historic performance and expected changes to the sales mix in future periods.

Sensitivity

The Group has not identified any reasonably possible changes to key assumptions that would cause the carrying value of goodwill of the Children's Trade, Adult Trade and Special Interest CGUs to exceed its recoverable amount.

Academic & Professional has by far the largest goodwill and non-current assets. This division is going through an investment phase with the *Bloomsbury 2020* digital resources strategy to leverage our academic and professional IP assets into the academic library market, growing more high-quality digital subscription income. There is therefore a risk in the medium term if this strategy does not succeed. However, current progress on this strategy is very good and we are on track to deliver our targeted £5 million of profit and £15 million of revenue in 2021/22 for *Bloomsbury 2020* digital resources. A 2% increase in discount rate would give rise to a £1.3 million impairment. Reducing the long-term growth rate to 0.5% would leave a headroom of £4.5 million.

11. Other intangible assets

	Publishing rights £'000	Imprints £'000	Subscriber and customer relationships £'000	Trademarks £'000	Systems development £'000	Product development £'000	Assets under construction £'000	Total £'000
Cost								
At 29 February 2016	15,877	5,790	4,393	166	4,587	5,749	1,447	38,009
Additions	45	–	–	19	962	685	917	2,628
Transfers	–	–	–	–	–	1,688	(1,688)	–
Disposals	–	–	–	–	–	(19)	(25)	(44)
Exchange differences	187	–	34	15	38	22	–	296
At 28 February 2017	16,109	5,790	4,427	200	5,587	8,125	651	40,889
Additions	–	–	–	19	1,110	736	943	2,808
Transfers	–	–	–	–	–	1,324	(1,324)	–
Exchange differences	(168)	–	(31)	(14)	(33)	(25)	–	(271)
At 28 February 2018	**15,941**	**5,790**	**4,396**	**205**	**6,664**	**10,160**	**270**	**43,426**
Amortisation								
At 29 February 2016	7,056	1,061	1,971	–	2,480	2,976	–	15,544
Charge for the year	1,072	262	349	2	826	1,477	–	3,988
Exchange differences	97	–	10	–	15	21	–	143
At 28 February 2017	8,225	1,323	2,330	2	3,321	4,474	–	19,675
Charge for the year	962	262	349	4	802	1,623	–	4,002
Exchange differences	(95)	–	(11)	–	(16)	(14)	–	(136)
At 28 February 2018	**9,092**	**1,585**	**2,668**	**6**	**4,107**	**6,083**	**–**	**23,541**
Net book value								
At 28 February 2018	**6,849**	**4,205**	**1,728**	**199**	**2,557**	**4,077**	**270**	**19,885**
At 28 February 2017	7,884	4,467	2,097	198	2,266	3,651	651	21,214

12. Investments

	28 February 2018 £'000	28 February 2017 £'000
Equity securities – available for sale	**300**	–
Total	**300**	–

13. Property, plant and equipment

	Short leasehold improvements £'000	Furniture and fittings £'000	Computers and other office equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 29 February 2016	2,789	840	2,257	128	6,014
Additions	68	16	183	–	267
Disposals	(1)	–	–	–	(1)
Exchange differences	22	65	81	5	173
At 28 February 2017	2,878	921	2,521	133	6,453
Additions	4	18	292	–	314
Disposals	–	–	(10)	–	(10)
Exchange differences	(20)	(46)	(47)	(3)	(116)
At 28 February 2018	**2,862**	**893**	**2,756**	**130**	**6,641**
Depreciation					
At 29 February 2016	1,245	472	1,717	117	3,551
Charge for the year	200	90	244	7	541
Disposals	(1)	–	–	–	(1)
Exchange differences	6	36	66	6	114
At 28 February 2017	1,450	598	2,027	130	4,205
Charge for the year	130	91	210	3	434
Disposals	–	–	(10)	–	(10)
Exchange differences	(8)	(27)	(33)	(3)	(71)
At 28 February 2018	**1,572**	**662**	**2,194**	**130**	**4,558**
Net book value					
At 28 February 2018	**1,290**	**231**	**562**	**–**	**2,083**
At 28 February 2017	1,428	323	494	3	2,248

The depreciation charge is included in administrative expenses.

14. Deferred tax assets and liabilities

a) Recognised deferred tax assets and liabilities

Deferred tax is calculated in full on temporary differences using the tax rate appropriate to the jurisdiction in which the asset or liability arises and the tax rates that are expected to apply in the periods in which the asset or liability is settled.

Movement in temporary differences during the year:

	Tax losses £'000	Property, plant and equipment £'000	Retirement benefit obligation £'000	Share-based payments £'000	Intangible assets £'000	Other £'000	Total £'000
At 29 February 2016	509	(46)	58	122	(2,480)	2,150	313
(Charge)/credit to the income statement	(101)	193	(9)	6	321	1,580	1,990
Credit/(charge) to equity	–	–	12	(19)	–	–	(7)
Exchange differences	3	–	–	–	–	284	287
At 28 February 2017	**411**	**147**	**61**	**109**	**(2,159)**	**4,014**	**2,583**
(Charge)/credit to the income statement	(315)	114	(8)	(50)	171	(1,870)	(1,958)
Charge to equity	–	–	(6)	(30)	–	–	(36)
Exchange differences	(49)	–	–	–	–	(441)	(490)
At 28 February 2018	**47**	**261**	**47**	**29**	**(1,988)**	**1,703**	**99**

Deferred tax assets in respect of losses are only recognised to the extent that it is anticipated they will be utilised in the foreseeable future.

The Other deferred tax asset predominantly relates to timing differences i.e. valuation adjustments and return and inventory provisions held on the balance sheet recognised in the current tax calculation and tax return only when utilised. This predominantly relates to the US and Australia. Deferred tax assets have decreased by £2.5 million, mainly as the remaining tax payable to be settled over the next two years for temporary differences on how inventories are valued for tax purposes in the US has been moved out of non-current tax payables to deferred tax. £0.9 million of the reduction is from US deferred tax assets recognised at a lower tax rate as the federal tax rate has dropped from 35% to 21% during the year.

b) The analysis for financial reporting purposes is as follows:

	28 February 2018 £'000	28 February 2017 £'000
Deferred tax assets	**2,092**	4,808
Deferred tax liabilities	**(1,993)**	(2,225)
Total	**99**	2,583

c) Unrecognised deferred tax assets

The Group had deferred tax assets not recognised in the financial statements as follows:

	28 February 2018 £'000	28 February 2017 £'000
Trading losses	**331**	134
Non-trading losses	**6**	101

At 28 February 2018, the Group had trading losses of £0.7 million (2017: £0.6 million) and non-trading losses of approximately £36,000 (2017: £0.6 million). A deferred tax asset has not been recognised in respect of these losses carried forward as it is not clear whether sufficient income against which the losses may be offset will arise in the Group in the foreseeable future.

Deferred tax is not provided on unremitted earnings of subsidiaries where the Group controls the timing of remittance and it is probable that the temporary difference will not reverse in the foreseeable future.

15. Inventories

	28 February 2018 £'000	28 February 2017 £'000
Work in progress	4,732	6,233
Finished goods for resale	21,945	22,378
Total	26,677	28,611

The cost of inventories recognised as cost of sales amounted to £35,048,000 (2017: £34,154,000). The provision and write down of inventories to net realisable value recognised in cost of sales amounted to £8,464,000 (2017: £7,607,000).

16. Trade and other receivables

	28 February 2018 £'000	28 February 2017 £'000
Non-current		
Prepayments and accrued income	1,530	1,951
Current		
Gross trade receivables	56,419	50,326
Less: provision for impairment of receivables	(931)	(621)
Less: provision for returns	(7,922)	(6,536)
Net trade receivables	47,566	43,169
Income tax recoverable	823	401
Other receivables	1,311	1,961
Prepayments and accrued income	4,840	5,472
Royalty advances	22,317	24,805
Total current trade and other receivables	76,857	75,808
Total trade and other receivables	78,387	77,759

Non-current receivables relate to accrued income on long-term rights deals.

A provision is held against gross advances payable in respect of published title advances which may not be fully earned down by anticipated future sales. As at 28 February 2018, £5,640,000 (2017: £6,371,000) of royalty advances are expected to be recovered after more than 12 months.

Trade receivables principally comprise amounts receivable from the sale of books due from distributors. The majority of trade debtors are secured by credit insurance and in certain territories by third party distributors.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values. The Group's exposure to credit and currency risks is disclosed in note 23. The average number of days' credit taken for sales of books by the Group was 115 days (2017: 111 days).

A provision for impairment of trade receivables is made with reference to specific debts, past default experience, trading history and the current economic environment. Movements on the Group provision for impairment of trade receivables are as follows:

	28 February 2018 £'000	28 February 2017 £'000
At start of year	621	432
Amounts created	528	529
Amounts utilised	(143)	(278)
Amounts released	(75)	(62)
At end of year	931	621

A provision for the return of books by customers is made with reference to the historical rate of returns. Movements on the Group provision for returns are as follows:

	28 February 2018 £'000	28 February 2017 £'000
At start of year	6,536	5,800
Amounts created	17,782	15,789
Amounts utilised	(17,656)	(15,581)
Reclassification	1,718	–
Exchange adjustments	(458)	528
At end of year	7,922	6,536

The reclassification represents a change in the presentation of the royalty and inventory recovery asset in respect of the expected print title returns for the Group. This adjustment has been made to align the presentation with the rest of the Group and there is no impact on the Income Statement. The inventory recovery asset has been reclassed to finished goods for resale in inventories and the royalty recovery asset has been reclassed to accruals within trade and other payables. The comparative has not been adjusted as in the opinion of the Directors it is not material.

If actual returns were 10% higher/lower in the year the revenue would have been £1.8 million lower/higher.

17. Trade and other payables

	28 February 2018 £'000	28 February 2017 £'000
Non-current		
Other payables	–	878
Tax payable	–	1,313
Total non-current trade and other payables	–	2,191
Current		
Trade payables	25,340	23,314
Taxation and social security	1,039	985
Other payables	3,461	2,248
Accruals	23,245	18,794
Deferred income	2,100	2,024
Total current trade and other payables	55,185	47,365
Total trade and other payables	55,185	49,556

Trade payables are non-interest bearing and are normally settled on terms of between 30 and 90 days.

In 2017, non-current tax payable relates to additional tax due in the US for valuation adjustments in tax returns. This has moved to deferred tax in the year.

18. Loans and borrowings:

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Liability	Equity			
	Bank overdrafts used for cash management purposes £'000	Share capital/ share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 March 2017	**–**	**40,330**	**17,904**	**81,065**	**139,299**
Changes from financing cash flows					
Dividend paid	–	–	–	(5,041)	(5,041)
Interest paid	(31)	–	–	–	(31)
Total changes from financing cash flows	**(31)**	**–**	**–**	**(5,041)**	**(5,072)**
Other changes					
Liability-related					
Interest expense	31	–	–	–	31
Total liability-related other changes	**31**	**–**	**–**	**–**	**31**
Total equity-related other changes	**–**	**–**	**(3,762)**	**9,067**	**5,305**
Balance at 28 February 2018	**–**	**40,330**	**14,142**	**85,091**	**139,563**

19. Provisions

	Property £'000
At 1 March 2017	66
Additions	14
28 February 2018	**80**
Non-current	57
Current	23

The property provision includes amounts provided for onerous lease commitments and dilapidations. The timing of cash flows for onerous lease commitments is dependent on the terms of the leases.

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20. Share capital and other reserves

Share capital

	28 February 2018 £'000	28 February 2017 £'000
Authorised:		
100,435,582 Ordinary shares of 1.25p each (2017: 100,435,582 Ordinary shares of 1.25p each)	1,255	1,255
Allotted, called up and fully paid:		
75,328,570 Ordinary shares of 1.25p each (2017: 75,328,570 Ordinary shares of 1.25p each)	942	942

The Company has one class of Ordinary share which carries equal voting rights and no contractual right to receive payment. No shares are held by the Company as Treasury shares. Directors and other employees of the Group have been granted options to purchase 3,056,553 (2017: 2,868,121) Ordinary shares with an aggregate nominal value of £38,207 (2017: £35,852) (note 21).

Share premium

This reserve records the amount above nominal value received for shares sold less transaction costs.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial information of foreign operations.

Merger reserve

The merger reserve comprises the amount that would otherwise arise in share premium relating to specific share issue, wherein more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006.

Capital redemption reserve

The capital redemption reserve arose on the purchase by the Company of its own shares and comprises the amount by which the distributable profits were reduced on these transactions.

Share-based payment reserve

The share-based payment reserve comprises cumulative amounts charged in respect of employee share-based payment arrangements.

Own shares held by Employee Benefit Trust

The Employee Benefit Trust ("EBT") is an independent discretionary trust established to acquire issued shares of the Company to satisfy any of the share-based incentive schemes (see note 21) and plans of the Company. All employees of the Group are potential beneficiaries of the EBT. The results and net assets of the EBT are included in the consolidated financial statements of the Group.

The market value of the 651,011 shares of the Company held at 28 February 2018 (2017: 651,011) in the EBT was £1,087,000 (2017: £1,107,000). Whilst the trustee has power to subscribe for Ordinary shares and to acquire Ordinary shares in the market or from Treasury, it is not permitted to hold more than 5% of the issued share capital without prior approval of the Shareholders.

As at the date of signing this Annual Report, the Trust held 651,011 Ordinary shares of 1.25 pence being approximately 0.9% of the issued Ordinary share capital.

Retained earnings

The retained earnings reserve comprises profit for the year attributable to owners of the Company and other items recognised directly through equity as presented on the consolidated statement of changes in equity.

21. Share-based payments

Options over shares of the ultimate parent undertaking, Bloomsbury Publishing Plc, have been granted to employees of the Group under various schemes.

The total share-based payment charge to the income statement for the year was as follows:

	28 February 2018 £'000	28 February 2017 £'000
Equity-settled share-based transactions	181	64
Cash-settled share-based transactions	21	9
Total	202	73

National Insurance contributions are payable by the Company in respect of some of the share-based payment transactions. These contributions are payable on the date of exercise based on the intrinsic value of the share-based payments and are therefore treated as cash-settled awards. The Group had an accrual for National Insurance at 28 February 2018 of £22,000 (2017: £3,000), of which none related to vested options.

a) The Bloomsbury Performance Share Plan ("the PSP")

The Group operates the PSP for Directors and senior employees. Awards under the scheme are granted as conditional share awards. The number of Ordinary shares comprised in an award is calculated using a share value equal to either the average middle-market price of the Ordinary share for the five dealing days immediately preceding the award date or the middle-market price on the dealing day before the award date.

The vesting period is three years and 50% of the level of vesting is subject to the achievement of Earnings Per Share ("EPS"). The other 50% is subject to Total Shareholder Return ("TSR") performance condition for the 2015 and 2016 grant and Return on Capital Employed ("ROCE") performance condition for the 2017 grant. For details of the performance conditions see the Directors' Remuneration Report on pages 50 to 67. Awards are not exercisable after the vesting date and awards that vest on the vesting date are automatically exercised. Except in certain circumstances awards lapse if the employee leaves the Group.

	Year ended 28 February 2018 Number	Year ended 28 February 2017 Number
Outstanding at start of year	2,369,714	2,035,096
Granted during the year	792,635	877,116
Exercised during the year	–	(89,513)
Lapsed during the year	(712,664)	(452,985)
Outstanding at end of year	2,449,685	2,369,714
Exercisable at end of year	–	–

	Year ended 28 February 2018	Year ended 28 February 2017
Range of exercise price of outstanding awards (pence)	–	–
Weighted average remaining contracted life (months)	16	18
Expense recognised for the year (£'000)	146	88

The share awards granted in the year to 28 February 2018 have been measured based on the share price at the date of grant as they are only subject to non-market conditions. The inputs were:

Performance condition	Earnings Per Share	Return on Capital Employed
Share price	180 pence	180 pence
Exercise price	–	–
Expected term	3 years	3 years
Expected volatility	n/a	n/a
Risk-free interest rate	n/a	n/a
Fair value charge per award	180 pence	180 pence

Half of each award is subject to an EPS performance condition and half of each award is subject to a Return on Capital Employed condition.

The awards for Executive Directors only will be subject to clawback provisions and to a two-year post-vesting holding period.

b) The Bloomsbury Sharesave Plan 2005

The Group operates an HM Revenue and Customs approved savings-related share option scheme under which employees are granted options to purchase Ordinary shares in the Company in three years' time, dependent upon their entering into a contract to make monthly contributions to a savings account over the period of the savings term. The Sharesave Plan is open to all UK employees.

	Share options 2018 Number	Weighted average exercise price 2018 Pence	Share options 2017 Number	Weighted average exercise price 2017 Pence
Outstanding at start of year	183,358	142	208,172	141
Granted during the year	194,535	137	–	–
Exercised during the year	–	–	(5,523)	98
Lapsed during the year	(5,118)	141	(19,291)	98
Outstanding at end of year	372,775	140	183,358	142
Exercisable at end of year	–	–	–	–

	2018	2017
Range of exercise price of outstanding options (pence)	137–142	142
Weighted average remaining contracted life (months)	21	24
Expense recognised for the year (£'000)	56	11

c) The Bloomsbury Company Share Option Plan 2014 ("the CSOP")

The Group operates the CSOP for senior employees. The vesting period is three years and the level of vesting is subject to the achievement of "Annualised EPS in excess of RPI" performance conditions. Options are exercisable by the participant after the vesting date whilst the participant continues in employment with the Group up to a period ending ten years after the date of grant.

	Share options 2018 Number	Weighted average exercise price 2018 Pence	Share options 2017 Number	Weighted average exercise price 2017 Pence
Outstanding at the start of year	315,049	160	209,537	159
Granted during the year	–	–	105,512	162
Lapsed during the year	(80,956)	160	–	–
Outstanding at end of year	234,093	160	315,049	160
Exercisable at end of year	–	–	–	–

	2018	2017
Range of exercise price of outstanding awards (pence)	159–162	159–162
Weighted average remaining contracted life (months)	93	102
Expense recognised for the year (£'000)	–	(26)

22. Retirement benefit obligations

Pension costs

The pension costs charged to the income statement of £1,138,000 (2017: £1,058,000) relate to the Group's defined contribution and defined benefit pension arrangements.

Defined contribution plans

The Group operates defined contribution retirement benefit plans for all qualifying employees.

The total cost charged to the income statement of £1,119,000 (2017: £1,040,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. At 28 February 2018, there were no prepaid contributions (28 February 2017: £nil).

Defined benefit plan

A subsidiary company operates a defined benefit scheme for some staff which is accounted for in accordance with IAS 19. Accrual of benefits ceased in 1997, with the scheme now operated as a closed fund. There is no obligation in respect of medical costs. The scheme is actuarially valued every three years. The last full actuarial valuation was carried out as at 28 February 2015 and updated to 28 February 2018 by a qualified independent actuary.

Contributions are paid by the employer at the rate of £4,892 per month, plus expenses as and when required. Contributions paid to the scheme during the year were £71,000 (2017: £63,000). The Directors' best estimate of the contributions including administration expenses to be paid for in the year ending 28 February 2018 is £73,000. In addition, PPF levies and other administration expenses are payable by the Group as and when due.

The Group's policy is to fund the deficit in the scheme by additional contributions to meet the scheme's commitment to members.

The financial assumptions used by the actuary for the update were as follows:

	28 February 2018 £'000	28 February 2017 £'000	28 February 2016 £'000
Discount rate	2.70%	2.60%	3.80%
Inflation assumption	2.20–3.20%	2.40–3.40%	2.10–3.10%

The scheme is closed and there are no active paying members, therefore no increases in payments have been applied. The assumptions used are estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily occur in practice.

The mortality assumptions adopted at 28 February 2018 are 90% of the standard tables S2P xA, year of birth, no age rating for males and females, projected using CMI_2016 converging to 1.50% p.a. These imply the following life expectancies:

	28 February 2018 Years	28 February 2017 Years
Male retiring in 2038	24.9	25.6
Female retiring in 2038	26.8	27.8
Male retiring in 2018	23.1	23.4
Female retiring in 2018	25.0	25.5

The amounts recognised in the income statement in respect of the defined benefit scheme are as follows:

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Interest cost	(17)	(23)
Return on pension plan assets	12	18
Expenses	(14)	(13)
Total	(19)	(18)

A charge of £17,000 (2017: £23,000) has been included in finance costs and a credit of £12,000 (2017: £18,000) has been included in finance income.

The amounts recognised in other comprehensive income in respect of the defined benefit scheme are as follows:

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Return on pension plan assets	8	2
Experience gains and losses arising on the defined benefit obligation – gain	9	70
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	16	(142)
Total	**33**	(70)

The amount included in the statement of financial position arising from the Group's obligation in respect of the defined benefit pension scheme is as follows:

	28 February 2018 £'000	28 February 2017 £'000
Fair value of assets (with profit policy)	472	429
Present value of defined benefit obligations	(642)	(684)
Deficit in scheme	(170)	(255)
Deferred tax assets	29	43
Net liability to be recognised	**(141)**	(212)
Analysis for reporting purposes:		
Non-current liabilities	(170)	(255)
Deferred tax assets	29	43

Movements in the present value of defined benefit obligations in the year were as follows:

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
At start of year	(684)	(770)
Expenses	(14)	(13)
Interest cost	(17)	(23)
Benefits paid and expenses	48	194
Remeasurement losses	25	(72)
At end of year	**(642)**	(684)

Movements in the fair value of scheme assets in the year were as follows:

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
At start of year	429	540
Return on plan assets	12	18
Remeasurement gains	8	2
Employer contributions	71	63
Benefits paid and expenses	(48)	(194)
At end of year	**472**	429

The actual return on scheme assets was £20,000 (2017: gain of £20,000).

Assets

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000	Year ended 29 February 2016 £'000
With profits	472	429	540
Total assets	472	429	540

None of the fair values of the assets shown above include any direct investments in the Company's own financial instruments or any property occupied by, or other assets used by, the Company. All of the scheme assets have a quoted market price in an active market.

23. Financial instruments and risk management

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to Shareholders as well as sustaining the future development of the business. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders and issue new shares. The Group's overall strategy remains unchanged from 2017.

The capital structure of the Group comprises equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity and note 20.

Categories of financial instruments

	Notes	28 February 2018 £'000	28 February 2017 £'000
Available for sale			
Equity securities (Level 3)	12	300	–
Loans and receivables			
Cash and cash equivalents		25,428	15,478
Trade receivables		44,368	41,075
Accrued income		4,862	4,146
Rights income receivable		3,197	2,822
Total loans and receivables		77,855	63,521
Financial liabilities measured at amortised cost			
Trade payables	17	25,340	23,314
Other payables due in less than one year		4,500	3,233
Other payables due in more than one year	17	–	878
Accruals	17	23,245	18,794
Total financial liabilities measured at amortised cost		53,085	46,219
Net financial instruments		25,070	17,302

The equity securities are classed as level 3 as the shares are not actively traded stock.

There is no material difference between the fair value and book value of financial assets and liabilities.

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance from the key risks of market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board has approved the Group Treasury policies and procedures by which the Group Treasury function is to be managed. The Group Treasury function is headed by the Group Finance Director and is part of Bloomsbury's Finance Department. It operates under a delegated authority from the Board.

The Treasury management policies and procedures focus on the investment of surplus operating cash likely to be needed in order to support Bloomsbury's ongoing operations, foreign currency requirements and interest rate risk management. The Group does not use derivative contracts for speculative purposes. The policies are reviewed at least on an annual basis by the Group Finance Director and any amendments are approved by the Board. The Board is assisted in its oversight role by Internal Audit, which undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's activities expose it mainly to the financial risks of changes in foreign currency exchange rates and changes in interest rates. The Group incurs costs in the same currencies as it earns revenue, creating some degree of natural hedging.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by Group Treasury under policies approved by the Board of Directors. Group Treasury monitors the distribution of its cash assets so as to control exposure to the relative performance of any particular territory, currency or institution.

The Board provides written principles for overall risk management, as well as policies covering specific areas, such as funding, foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(i) Interest rate risk

The Group has significant interest-bearing assets in the form of cash and cash equivalents, and as such, cash flows are dependent on changes in market interest rates.

Interest rate profile of financial instruments

	28 February 2018 £'000	28 February 2017 £'000
Fixed rate instruments		
Financial assets	2,895	393
Financial liabilities	–	–
Total	2,895	393
Variable rate instruments		
Financial assets	22,533	15,085
Financial liabilities	–	–
Total	22,533	15,085

Fixed rate financial assets are short-term bank deposits with a maturity date range of one day to one month. Variable rate financial assets are cash at bank.

Fair value sensitivity analysis for fixed rate financial instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at 28 February 2018 would not affect the income statement.

Cash flow sensitivity analysis for variable rate financial instruments

The Group derived the following sensitivities to assess the impact of changes in interest rates, based on the effect of the market volatility in the current climate and the previous 12 months. The analysis assumes all other variables remain constant.

	28 February 2018		28 February 2017	
	Profit or loss £'000	Equity £'000	Profit or loss £'000	Equity £'000
Impact on profit or loss and equity				
1% increase in base rate of interest (2017: 1%)	129	–	43	–
0.5% decrease in base rate of interest (2017: 0.5%)	(71)	–	(27)	–

(ii) Currency risk

The Directors believe that in its current circumstances, the Group's risk from foreign currency exposure is limited and no active currency risk management by hedging is considered necessary, as a significant proportion of revenues are matched by expenditure in the same local currency, creating some degree of natural hedging.

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	Loans and receivables		Financial liabilities	
	28 February 2018 £'000	28 February 2017 £'000	28 February 2018 £'000	28 February 2017 £'000
GBP	53,443	37,236	38,749	32,736
USD	17,840	19,519	8,278	8,711
EURO	201	382	48	104
AUD	4,649	4,535	5,786	4,457
INR	1,722	1,849	224	211
Total	77,855	63,521	53,085	46,219

No significant amounts of loans and receivables or financial liabilities are denominated in currencies other than sterling, US dollars, euros, Australian dollars or Indian rupees.

Foreign currency sensitivity analysis

The Group derived the following sensitivities based on the outstanding foreign currency denominated financial assets and liabilities at the year end. The sensitivity analysis includes loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower.

The use of a 10% sensitivity rate has been determined based on the effect of the market volatility in exchange rates between the current and previous year end, and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit or equity.

	28 February 2018 £'000	28 February 2017 £'000
Impact on equity		
10% weakening in US dollar against pound sterling (2017: 10%)	(659)	(590)
10% strengthening in US dollar against pound sterling (2017: 10%)	805	721
10% weakening in euro against pound sterling (2017: 10%)	–	–
10% strengthening in euro against pound sterling (2017: 10%)	–	–
10% weakening in AUS dollar against pound sterling (2017: 10%)	103	(7)
10% strengthening in AUS dollar against pound sterling (2017: 10%)	(126)	9
10% weakening in INR against pound sterling (2017: 10%)	(136)	(149)
10% strengthening in INR against pound sterling (2017: 10%)	166	182
Impact on income statement		
10% weakening in US dollar against pound sterling (2017: 10%)	(210)	(393)
10% strengthening in US dollar against pound sterling (2017: 10%)	257	480
10% weakening in euro against pound sterling (2017: 10%)	(14)	(25)
10% strengthening in euro against pound sterling (2017: 10%)	17	31
10% weakening in AUS dollar against pound sterling (2017: 10%)	–	–
10% strengthening in AUS dollar against pound sterling (2017: 10%)	–	–
10% weakening in INR against pound sterling (2017: 10%)	–	–
10% strengthening in INR against pound sterling (2017: 10%)	–	–

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and rights income receivables.

The carrying amount of financial assets represents the maximum credit exposure. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on trading experience and the current economic environment. An analysis of the relevant provisions is set out in note 16.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings as assigned by international credit-rating agencies.

The Group determines its concentration of credit risk based on the individual characteristics of its customers and publicly available knowledge of specific circumstances affecting those customers. The Group defines counterparties as having similar characteristics if they are related entities.

The Group has a significant concentration of credit risk due to its use of third party distributors. Credit limits for the final customers are set by the distributors based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The distributors belong to established international groups whose business includes a number of publishing interests and clients. The Group's risk is limited as significant amounts outstanding through the UK distributors are secured by credit insurance, and in the US credit risk for significant amounts outstanding through distributors rests with the distributor.

c) Liquidity risk

The Directors do not consider that the Group currently has a significant exposure to liquidity risk, as the Group has limited borrowing and has sufficient cash deposits to meet its debts as they fall due for the foreseeable future.

Cash flow budgets and forecasts are prepared by the operating entities of the Group, aggregated for the Group and regularly reviewed by the Board, and the actual cash position of the Group and each entity is compared monthly against budget. This allows management to ensure that each operating entity and the Group have sufficient cash to meet operational needs. Surplus cash held by the operating entities over and above the balance required for working capital management is invested in interest-bearing accounts and money market deposits.

The Group has an unsecured revolving credit facility with Lloyds Bank Plc. At 28 February 2018, the Group had no draw down (2017: £nil) of this facility with £12.0 million of undrawn borrowing facilities (2017: £12.0 million) available.

The facility comprises a £10–£14 million committed revolving loan facility (amount dependent on time during the year to match Bloomsbury's cash flow cycle), an uncommitted incremental term loan facility of up to £6 million and a £2 million overdraft facility. The overdraft facility is available until December 2018 and the loan facilities mature in May 2021. All facilities are subject to two covenants, being a maximum net debt to EBITDA ratio and a minimum interest cover covenant.

The Group's financial liabilities are trade payables, accruals and other payables as shown above. All other financial liabilities are due within one year.

24. Operating leases

At 28 February 2018, the Group had the following outstanding commitments under non-cancellable operating leases:

	28 February 2018 £'000	28 February 2017 £'000
Within one year	1,802	1,837
Later than one year and less than five years	6,607	7,015
After more than five years	7,834	9,671
Total	16,243	18,523

The operating leases represent rentals payable by the Group for certain office properties, vehicles and equipment. The lease at the headquarters in Bedford Square is for a period of 20 years from January 2010. The operating leases over vehicles are in respect of company cars driven by certain employees. The operating leases over equipment are in respect of office equipment.

25. Commitments and contingent liabilities

a) Capital commitments

The Group has no capital commitments relating to product development at the year end (2017: £334,000).

The Group has no capital commitments relating to system development and property, plant and equipment at the year end (2017: no commitments).

b) Other commitments

The Group is committed to paying royalty advances to authors in subsequent financial years. At 28 February 2018, this commitment amounted to £15,722,000 (2017: £17,016,000).

c) Guarantees

The Company and certain of its subsidiaries have guarantees to Lloyds Bank Plc in place relating to the Group's borrowing facilities – see note 23c.

26. Related party transactions

The Group has no related party transactions other than key management remuneration as disclosed in note 5.

27. Post balance sheet events

On 30 April 2018 the Group acquired the issued share capital of I. B. Tauris & Co. Limited "IBT", the London-based academic publisher. The consideration was £5.8 million, of which £4.8 million was satisfied in cash at completion and up to £1.0 million will be paid post-completion, subject to working capital and other adjustments.

The acquisition of IBT consolidates our significant presence in humanities and social science academic publishing. IBT's complementary lists have good growth potential, especially with their inclusion within Bloomsbury's Digital Resources strategy. This acquisition represents another key step in our strategy to continue to grow quality recurring revenues through our digital resource offering.

28. Investments in subsidiary companies

The Group's subsidiary companies at 28 February 2018 are:

	Country of incorporation	Proportion of equity capital held	Nature of business during the year	Registered office
Subsidiary undertakings held directly by Bloomsbury Publishing Plc:				
A & C Black Limited	England and Wales	100%	Intermediate holding company	1.
Bloomsbury India UK Limited	England and Wales	100%	Intermediate holding company	1.
Bloomsbury Publishing Inc.	USA	100%	Publishing	2.
Bloomsbury Information Limited	England and Wales	100%	Publishing	1.
Bloomsbury Professional Limited	England and Wales	100%	Publishing	1.
Bloomsbury Australia PTY Limited	Australia	100%	Publishing	3.
The Continuum International Publishing Group Limited	England and Wales	100%	Publishing	1.
Hart Publishing Limited	England and Wales	100%	Publishing	1.
Osprey Publishing Limited	England and Wales	100%	Publishing	1.
Bloomsbury Book Publishing Company Limited	England and Wales	100%	Publishing	1.
Bloomsbury Media Limited	England and Wales	100%	Dormant	1.
Christian Knowledge Hub CIC	England and Wales	100%	Dormant	1.
Shakespeare Central CIC	England and Wales	100%	Dormant	1.
Subsidiary undertakings held through a subsidiary company:				
A & C Black Publishers Limited	England and Wales	100%	Publishing	1.
Christopher Helm (Publishers) Limited	England and Wales	100%	Publishing	1.
Oxford International Publishers Limited t/a Berg Publishers	England and Wales	100%	Publishing	1.
Berg Fashion Library Limited	England and Wales	100%	Publishing	1.
John Wisden and Company Limited	England and Wales	100%	Publishing	1.
Shire Publications Limited	England and Wales	100%	Publishing	1.
British Wildlife Publishing Limited	England and Wales	100%	Publishing	1.
Bloomsbury Publishing India Private Limited	India	100%	Publishing	4.
A & C Black (Distribution) Limited	England and Wales	100%	Dormant	1.
A & C Black (Storage) Limited	England and Wales	100%	Dormant	1.
Adlard Coles Limited	England and Wales	100%	Dormant	1.
Alphabooks Limited	England and Wales	100%	Dormant	1.
F. Lewis (Publishers) Limited	England and Wales	100%	Dormant	1.
Featherstone Education Limited	England and Wales	100%	Dormant	1.
Hambledon and London Limited	England and Wales	100%	Dormant	1.
Herbert Press Limited	England and Wales	100%	Dormant	1.
John Wisden (Holdings) Limited	England and Wales	100%	Dormant	1.
Methuen Drama Limited	England and Wales	100%	Dormant	1.
Nautical Publishing Co Limited	England and Wales	100%	Dormant	1.
Reed's Almanac Limited	England and Wales	100%	Dormant	1.
Sheffield Academic Press Limited	England and Wales	100%	Dormant	1.
T & T Clark Limited	England and Wales	100%	Dormant	5.
The Athlone Press Limited	England and Wales	100%	Dormant	1.
Thoemmes Limited	England and Wales	100%	Dormant	1.

All subsidiary undertakings are included in the consolidation.

The following lists all Bloomsbury registered office addresses. Please see wholly owned subsidiary list above for relevant registered office code.

1. 50 Bedford Square, London, WC1B 3DP, United Kingdom.
2. 1385 Broadway, Fifth Floor, New York, NY 10018, USA.
3. Level 4, 387 George Street, Sydney, NSW 2000, Australia.
4. DDA Complex, LSC, Building No. 4, Second Floor, Pocket C-6&7, Vasant Kunj, New Delhi, 110070, India.
5. C/O RSM, First Floor, Quay 2, 139 Fountainbridge, Edinburgh, EH3 9QG, United Kingdom.

For the year ended 28 February 2018, the following subsidiary companies were entitled to exemption from audit under section 479A of the Companies Act 2006:

Subsidiary name	Company number
Bloomsbury Information Limited	06409758
Bloomsbury Professional Limited	05233465
The Continuum International Publishing Group Limited	03833148
A & C Black Publishers Limited	00189153
Christopher Helm (Publishers) Limited	01953639
Oxford International Publishers Limited t/a Berg Publishers	03143617
Berg Fashion Library Limited	05728582
John Wisden and Company Limited	00135590
Hart Publishing Limited	03307205
Osprey Publishing Limited	03471853
Shire Publications Limited	00868867
British Wildlife Publishing Limited	06810049
Bloomsbury Book Publishing Company Limited	03830397

Company Statement of Financial Position

As at 28 February 2018

Company Number 1984336

	Notes	28 February 2018 £'000	28 February 2017 £'000
Assets			
Intangible assets	31	2,522	2,160
Property, plant and equipment	32	1,717	1,732
Investments in subsidiary companies	33	78,843	65,595
Other investments	34	300	–
Deferred tax assets	35	63	125
Total non-current assets		83,445	69,612
Inventories	36	5,957	5,286
Trade and other receivables	37	59,304	56,312
Cash and cash equivalents		16,332	8,682
Total current assets		81,593	70,280
Total assets		165,038	139,892
Liabilities			
Other payables	38	–	878
Provisions	40	28	20
Total non-current liabilities		28	898
Trade and other payables	38	69,394	51,412
Current tax liabilities		723	891
Total current liabilities		70,117	52,303
Total liabilities		70,145	53,201
Net assets		94,893	86,691
Equity			
Share capital	41	942	942
Share premium	41	39,388	39,388
Other reserves	41	7,498	7,317
Retained earnings	41	47,065	39,044
Total equity attributable to owners of the Company		94,893	86,691

The Company financial statements were approved by the Board of Directors and authorised for issue on 22 May 2018.

J N Newton
Director

W Pallot
Director

Company Statement of Changes in Equity

For the year ended 28 February 2018

	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Retained earnings £'000	Total £'000
At 29 February 2016	**939**	**39,388**	**1,386**	**22**	**5,428**	**38,612**	**85,775**
Profit for the year and total comprehensive income for the year	–	–	–	–	–	5,270	5,270
Transactions with owners							
Issue of shares	3	–	417	–	–	–	420
Dividends to equity holders of the Company	–	–	–	–	–	(4,819)	(4,819)
Deferred tax on share-based payment transactions	–	–	–	–	–	(19)	(19)
Share-based payment transactions	–	–	–	–	64	–	64
Total transactions with owners of the Company	**3**	**–**	**417**	**–**	**64**	**(4,838)**	**(4,354)**
At 28 February 2017	**942**	**39,388**	**1,803**	**22**	**5,492**	**39,044**	**86,691**
Profit for the year and total comprehensive income for the year	–	–	–	–	–	13,091	13,091
Transactions with owners							
Dividends to equity holders of the Company	–	–	–	–	–	(5,040)	(5,040)
Deferred tax on share-based payment transactions	–	–	–	–	–	(30)	(30)
Share-based payment transactions	–	–	–	–	181	–	181
Total transactions with owners of the Company	**–**	**–**	**–**	**–**	**181**	**(5,070)**	**(4,889)**
At 28 February 2018	**942**	**39,388**	**1,803**	**22**	**5,673**	**47,065**	**94,893**

Company Statement of Cash Flows

For the year ended 28 February 2018

	Notes	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Cash flows from operating activities			
Profit for the year		13,091	5,270
Adjustments for:			
Depreciation of property, plant and equipment		268	367
Amortisation of intangible assets		794	810
Finance income		(328)	(407)
Finance costs		187	66
Share-based payment charges		88	25
Tax expense		1,598	919
		15,698	7,050
Decrease/(increase) in inventories		38	(731)
(Increase)/decrease in trade and other receivables		(2,466)	4,577
Increase in trade and other payables		2,318	6,616
Cash generated from operations		15,588	17,512
Income taxes paid		(1,250)	(1,491)
Net cash generated from operating activities		14,338	16,021
Cash flows from investing activities			
Purchase of property, plant and equipment		(255)	(142)
Purchase of other investments		(300)	–
Purchases of intangible assets		(1,157)	(1,011)
Interest received		96	133
Net cash used in investing activities		(1,616)	(1,020)
Cash flows from financing activities			
Equity dividends paid	39	(5,041)	(4,819)
Purchase of shares by Employee Benefit Trust		–	(1,196)
Interest paid	39	(31)	(66)
Net cash used in financing activities	39	(5,072)	(6,081)
Net increase in cash and cash equivalents		7,650	8,920
Cash and cash equivalents at beginning of year		8,682	(238)
Cash and cash equivalents at end of year		16,332	8,682

29. Reporting entity

Bloomsbury Publishing Plc (the "Company") is a company domiciled in the United Kingdom. The address of the Company's registered office can be found on page 132. The Company is primarily involved in the publication of books and other related services.

30. Significant accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations adopted by the European Union ("EU") at the time of preparing these financial statements and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence at least until June 2019, being the period of the detailed going concern assessment reviewed by the Board.

The Company accounting policies are consistent with the Group policies set out in note 2 to the consolidated financial statements. Key additional policies are stated below.

b) Parent Company result

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 not to present the Company income statement or statement of comprehensive income. The Company's profit for the year was £13,091,000 (2017: £5,270,000).

c) Use of estimates and judgements

The preparation of the Company financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. Critical judgements and areas where the use of estimates is significant are disclosed in note 2v for the Group and are applicable to the Company.

d) Application of new and amended standards and interpretations

The following amendments and interpretations were introduced to accounting standards relevant to the Company during the year ended 28 February 2018. The table below summarises the impact of these changes to the Company:

Accounting standard	Description of change	Impact on financial statements
Annual improvements to IFRSs 2014-2016 cycle – IFRS 12 Disclosure of Interest in Other Entities	The disclosure requirements for interests in other entities also apply to interests that are classified as held for distribution.	The amendment has not had any impact on the Company.
Amendments to IAS 7 Disclosure Initiative	The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. .	The amendment has not had any impact on the Company. Additional disclosure has been made where relevant.
Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses	The amendments to IAS 12 bring some clarity to when a temporary difference is triggered for unrealised losses and whether to recognise a deferred tax asset.	The amendment has not had any impact on the Company.

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Notes to the Company Financial Statements

The Company has not early adopted the following new and revised accounting standards, interpretations or amendments issued by the International Accounting Standards Board that are currently endorsed but not yet effective:

Accounting standard	Description of change	Impact on financial statements
IFRS 9 Financial Instruments effective for annual periods beginning after 1 January 2018	The new standard sets out the requirements for the classification, measurement and recognition of financial assets and liabilities, and makes changes to the current disclosure framework.	The Directors are in the process of assessing the impact on the Company.
IFRS 15 Revenue from Contracts with Customers effective for annual periods beginning after 1 January 2018	The new standard establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.	The Company will apply IFRS 15 from 1 March 2018 and intends to adopt the cumulative effect method. Under this method, comparatives for the 2018 financial year will not be restated with the cumulative effect shown as an adjustment to the opening retained earnings. The Company is in the process of assessing the impact IFRS 15 will have on its business practices, controls, operations, recognition policies and financial reporting. A full assessment will be concluded in time for the interim financial reporting period of the 2019 financial year. In our initial assessments we have identified the following key areas to be impacted in our line of business:
	Licence income (part of Rights and Services)	Under IFRS 15 revenue from licence income is recognised either at a point in time or over time. The new standard highlights that a customer cannot substantially benefit from the licence at a point in time at which the licence is granted if the intellectual property, which the customer has rights to, changes throughout the licence period. We are assessing all material licence incomes recognised in recent financial years and the Company's initial assessment indicates that recognition would not be materially impacted by the requirements of IFRS 15.
	Returns provision	Under IFRS 15, the statement of financial position presentation of the provision for returns and associated inventory recovery and royalty recovery assets is expected to change. The standard does not allow offsetting of these balances.
	Disclosure	IFRS 15 also requires increased disclosure, in particular analysis of disaggregated revenues, contract balances and transaction price allocated to the remaining performance obligations. This disclosure will be incorporated in the 2019 Annual Report.
IFRS 16 Leases effective for annual periods beginning after 1 January 2019	The new standard replaces IAS 17 Leases and related interpretations and details the requirements for the classification, measurement and recognition of lease arrangements.	The adoption of the standard is likely to have an impact on the Company, and the Directors continue to assess the impact. The Company plans to apply IFRS 16 on 1 March 2019, and anticipates using the modified retrospective approach. Under this approach, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings on 1 March 2019, with no restatement of comparative information.
Other standards	A number of other new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017 and have not been applied in preparing these financial statements.	The Directors do not anticipate the application of these standards and amendments will have a material impact on the Company's consolidated financial statements.

e) Investment in subsidiaries

Investments in subsidiaries are recorded at cost less accumulated impairment in the statement of financial position. Investments are reviewed at each reporting date to assess whether there are any indicators of impairment. Any impairment losses are recognised in the income statement in the year they occur.

f) Share-based payments

The Company issues equity-settled share-based payment instruments to certain employees of the Group. Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is charged to the income statement on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest.

Options granted under the Company's Sharesave scheme are equity-settled. The fair values of such options have been calculated using the Black–Scholes model based on publicly available market data.

Awards granted under the Company's Performance Share Plan are equity-settled. For previous year awards, part of any award granted under the Plan is subject to a Total Shareholder Return performance condition. The fair value of this element of the awards is calculated using the Stochastic model. For current year awards, part of any award under the Plan is subject to a Return on Capital Employed performance condition. These have been measured based on the share price at the date of grant as they are only subject to non-market conditions. The other part of any award granted under the Plan is subject to an Earnings Per Share performance condition. The fair value of this element of the awards is calculated using the Black–Scholes model. Where the awards are subject to a holding period we have used the Chaffe model to determine a discount for lack of marketability.

Awards granted under the Company's Share Option Plan are equity-settled. The award is subject to an adjusted Earnings Per Share growth performance condition. The fair value of this award is calculated using the Black–Scholes model.

The Company recharges a share of the share-based payment charge to subsidiaries. This recharge is made via intercompany transactions.

31. Intangible assets

	Publishing rights £'000	Systems development £'000	Total £'000
Cost			
At 29 February 2016	660	4,429	5,089
Additions	–	1,011	1,011
Disposals	–	(69)	(69)
At 28 February 2017	660	5,371	6,031
Additions	–	1,156	1,156
At 28 February 2018	**660**	**6,527**	**7,187**
Amortisation			
At 29 February 2016	660	2,401	3,061
Charge for the year	–	810	810
At 28 February 2017	660	3,211	3,871
Charge for the year	–	794	794
At 28 February 2018	**660**	**4,005**	**4,665**
Net book value			
At 28 February 2018	**–**	**2,522**	**2,522**
At 28 February 2017	–	2,160	2,160

The amortisation charge of £794,000 (2017: £810,000) was included in administrative expenses in the year.

32. Property, plant and equipment

	Short leasehold improvements £'000	Furniture and fittings £'000	Computers and other office equipment £'000	Total £'000
Cost				
At 29 February 2016	2,648	410	1,243	4,301
Additions	16	10	116	142
At 28 February 2017	2,664	420	1,359	4,443
Additions	–	12	241	253
At 28 February 2018	**2,664**	**432**	**1,600**	**4,696**
Depreciation				
At 29 February 2016	1,203	304	837	2,344
Charge for the year	177	25	165	367
At 28 February 2017	1,380	329	1,002	2,711
Charge for the year	93	26	149	268
At 28 February 2018	**1,473**	**355**	**1,151**	**2,979**
Net book value				
At 28 February 2018	**1,191**	**77**	**449**	**1,717**
At 28 February 2017	1,284	91	357	1,732

The depreciation charge of £268,000 (2017: £367,000) was included in administrative expenses.

33. Investment in subsidiary companies

	£'000
Cost	
At 28 February 2017	**75,037**
Additions	20,033
Disposals	(6,785)
At 28 February 2018	**88,285**
Impairment	
At 28 February 2017 and 28 February 2018	**9,442**
Net book value	
At 28 February 2018	**78,843**
At 28 February 2017	65,595

The additions and disposals in the year are in relation to Group restructuring.

34. Other investments

	28 February 2018 £'000	28 February 2017 £'000
Equity securities – available for sale	**300**	–
Total	**300**	–

35. Deferred tax assets and liabilities

Deferred tax is calculated in full on temporary differences using the tax rate appropriate to the jurisdiction in which the asset or liability arises and the tax rates that are expected to apply in the periods in which the asset or liability is settled.

Movement in temporary differences during the year:

	Property, plant and equipment £'000	Retirement benefit obligation £'000	Share-based payments £'000	Total £'000
At 29 February 2016	(93)	17	122	46
Credit to the income statement	91	1	6	98
Charge to equity	–	–	(19)	(19)
At 28 February 2017	(2)	18	109	125
Credit/(charge) to the income statement	17	1	(50)	(32)
Charge to equity	–	–	(30)	(30)
At 28 February 2018	**15**	**19**	**29**	**63**

The analysis for financial reporting purposes is as follows:

	28 February 2018 £'000	28 February 2017 £'000
Deferred tax assets	63	125
Deferred tax liabilities	–	–
Total	**63**	125

Deferred tax is not provided on unremitted earnings of subsidiaries where the Company controls the timing of remittance and it is probable that the temporary difference will not reverse in the foreseeable future.

36. Inventories

	28 February 2018 £'000	28 February 2017 £'000
Work in progress	1,652	2,010
Finished goods for resale	4,305	3,276
Total	**5,957**	5,286

The cost of inventories recognised as cost of sales amounted to £16,604,000 (2017: £12,730,000).

The provision and write down of inventories to net realisable value recognised in cost of sales amounted to £2,217,000 (2017: £2,123,000).

37. Trade and other receivables

	28 February 2018 £'000	28 February 2017 £'000
Current		
Gross trade receivables	37,060	30,293
Less provision for impairment of receivables	(927)	(618)
Less provision for returns	(2,838)	(1,850)
Net trade receivables	33,295	27,825
Amounts owed by Group undertakings	10,045	11,299
Other receivables	2,116	1,946
Prepayments and accrued income	3,456	3,055
Royalty advances	10,392	12,187
Total trade and other receivables	**59,304**	56,312

Royalty advances have been separated out from prepayments and accrued income to enable a user to get a better understanding of the business.

A provision is held against gross advances payable in respect of published title advances which may not be fully earned down by anticipated future sales. As at 28 February 2018, £3,196,000 (2017: £2,781,000) of royalty advances are expected to be recovered after more than 12 months.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values. The Company's exposure to credit and currency risks is disclosed in note 43. Trade receivables principally comprise amounts receivable from the sale of books due from distributors. The average number of days' credit taken for sales of books by the Company was 196 days (2017: 199 days).

Movements on the Company's provision for impairment of trade receivables are as follows:

	28 February 2018 £'000	28 February 2017 £'000
At start of year	618	401
Amounts created	527	526
Amounts released	(75)	(62)
Amounts utilised	(143)	(247)
At end of year	927	618

Movements on the Company's provision for book returns are as follows:

	28 February 2018 £'000	28 February 2017 £'000
At start of year	1,850	1,493
Reclassification	1,125	–
Amounts created	7,858	8,654
Amounts utilised	(7,995)	(8,297)
At end of year	2,838	1,850

The reclassification represents a change in the presentation of the royalty and inventory recovery asset in respect of the expected print title returns for the Company. This adjustment has been made to align the presentation with the rest of the Group and there is no impact on the Income Statement. The inventory recovery asset has been reclassed to finished goods for resale in inventories and the royalty recovery asset has been reclassed to accruals within trade and other payables. The comparative has not been adjusted as in the opinion of the Directors it is not material.

If actual returns were 10% higher/lower in the year then revenue would have been £0.8 million lower/higher.

38. Trade and other payables

	28 February 2018 £'000	28 February 2017 £'000
Non-current		
Other payables	–	878
Current		
Trade payables	7,146	8,595
Amounts owed to Group undertakings	45,583	29,443
Taxation and social security	586	560
Other payables	2,205	1,327
Accruals and deferred income	13,874	11,487
Total current trade and other payables	69,394	51,412
Total trade and other payables	69,394	52,290

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. Non-current other payables include the authors' share of rights receivable falling due after more than one year.

39. Loans and borrowings

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Liability	Equity			
	Bank overdrafts used for cash management purposes £'000	Share capital/ share premium £'000	Other reserves £'000s	Retained earnings £'000	Total £'000
Balance at 1 March 2017	**–**	**40,330**	**7,317**	**39,044**	**86,691**
Changes from financing cash flows					
Dividend paid	–	–	–	(5,041)	(5,041)
Interest paid	(31)	–	–	–	(31)
Total changes from financing cash flows	**(31)**	**–**	**–**	**(5,041)**	**(5,072)**
Other changes					
Liability-related					
Interest expense	31	–	–	–	31
Total liability-related other changes	**31**	**–**	**–**	**–**	**31**
Total equity-related other changes	**–**	**–**	**181**	**13,062**	**13,243**
Balance at 28 February 2018	**–**	**40,330**	**7,498**	**47,065**	**94,893**

40. Provisions

	Property £'000
At 1 March 2017	20
Created in the year	8
At 28 February 2018	**28**
Non-current	28
Current	–

The property provision is in respect of dilapidations for the Bedford Square head office.

41. Share capital and other reserves

For details of share capital, share premium, merger reserve, capital redemption reserve, share-based payment reserve and retained earnings see note 20 and the Company statement of changes in equity attributable to the owners of the Company. For details of the Company profit for the year see note 30b.

For details of dividends see note 8.

As at 28 February 2018, the Company had distributable reserves of £47.1 million. The total external dividends relating to the year ended 28 February 2018 amounted to £5.0 million. The Company distributable reserves support over 9.3 times this annual dividend.

42. Share-based payments

Options over shares of the Company have been granted to employees of the Company and Group under various schemes. The full share-based payment disclosures can be found in note 21.

The total share-based payment charge to the income statement for the year was:

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Equity-settled share-based transactions	181	64
Cash-settled share-based transactions	21	9
Total	**202**	73

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43. Financial instruments and risk management

Full disclosures relating to the Group's financial risk management strategies and other financial assets and liabilities are given in note 23 to the consolidated financial statements.

Categories of financial instruments

	Notes	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Available for sale			
Equity securities (Level 3)	34	300	–
Loans and receivables			
Cash and cash equivalents		16,332	8,682
Amounts owed by Group undertakings	37	10,045	11,299
Trade receivables		30,388	25,731
Accrued income		2,345	2,016
Rights income receivable		2,906	2,095
Total loans and receivables		62,016	49,823
Financial liabilities measured at amortised cost			
Trade payables	38	7,146	8,595
Accruals		13,648	11,218
Other payables		2,791	1,887
Amounts owed to Group undertakings	38	45,583	29,443
Other payables due in more than one year	38	–	878
Total financial liabilities measured at amortised cost		69,168	52,021
Net financial instruments		(6,852)	(2,198)

The equity securities are classed as level 3 as the shares are not actively traded stock.

a) Market risk

i) Interest rate risk

Interest rate profile of financial assets:

	28 February 2018 £'000	28 February 2017 £'000
Variable rate financial assets	16,332	8,682

Interest rate sensitivity analysis

The Company derived the following sensitivities to assess the impact of changes in interest rates, based on the effect of the market volatility in the current climate and the previous 12 months. The analysis assumes all other variables remain constant.

	28 February 2018 £'000	28 February 2017 £'000
Impact on profit and equity		
1% increase in base rate of interest (2017: 1%)	81	4
0.5% decrease in base rate of interest (2017: 0.5%)	(44)	(2)

ii) Currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	Loan and receivables		Financial liabilities	
	28 February 2018 £'000	28 February 2017 £'000	28 February 2018 £'000	28 February 2017 £'000
GBP	60,593	46,527	68,905	49,927
USD	1,154	2,898	215	1,990
EURO	201	381	48	104
AUD	68	17	–	–
Total	62,016	49,823	69,168	52,021

Foreign currency sensitivity analysis

The Company derived the following sensitivities based on the outstanding foreign currency denominated financial assets and liabilities at the year end.

The use of a 10% sensitivity rate has been determined based on the effect of the market volatility in exchange rates between the current and previous year end, and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit or loss and equity.

	28 February 2018 £'000	28 February 2017 £'000
Impact on profit or loss		
10% weakening in US dollar against pound sterling (2017: 10%)	(85)	(82)
10% strengthening in US dollar against pound sterling (2017: 10%)	104	101
10% weakening in euro against pound sterling (2017: 10%)	(14)	(26)
10% strengthening in euro against pound sterling (2017: 10%)	17	30
10% weakening in AUS dollar against pound sterling (2017: 10%)	(6)	(2)
10% strengthening in AUS dollar against pound sterling (2017: 10%)	8	2

b) Credit risk

The Company has a significant concentration of credit risk due to its use of third party distributors. Credit limits for the final customers are set by the distributors based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The distributors belong to established international groups whose business includes a number of publishing interests and clients. The Company's risk is limited as significant amounts outstanding through the UK distributors are secured by credit insurance.

c) Liquidity risk

The Group has an unsecured revolving credit facility with Lloyds Bank Plc. At 28 February 2018, the Group had no draw down (2017: £nil) of this facility with £12.0 million of undrawn borrowing facilities (2017: £12.0 million) available.

The facility comprises a £10 – £14 million committed revolving loan facility (amount dependent on time during the year to match Bloomsbury's cash flow cycle), an uncommitted incremental term loan facility of up to £6 million and a £2 million overdraft facility. The overdraft facility is available until December 2017 and the loan facilities mature in May 2021. All facilities are subject to two covenants, being a maximum net debt to EBITDA ratio and a minimum interest cover covenant.

44. Operating leases

At 28 February 2018, the Company had the following outstanding commitments under non-cancellable operating leases:

	28 February 2018 £'000	28 February 2017 £'000
Within one year	876	901
Later than one year and fewer than five years	3,322	3,401
After more than five years	6,243	7,040
Total	10,441	11,342

The operating leases represent rentals payable by the Company for certain office properties, vehicles and equipment; see note 24 for further details.

45. Commitments and contingent liabilities

a) Capital commitments

The Company has no capital commitments relating to property, plant and equipment at the year end (2017: no commitments).

The Company has no capital commitments relating to system development and property, plant and equipment at the year end (2017: no commitments).

b) Other commitments

The Company is committed to paying royalty advances in subsequent financial years. At 28 February 2018, this commitment amounted to £9,061,000 (2017: £9,175,000).

c) Guarantees

The Company and certain of its subsidiaries have guarantees to Lloyds Bank Plc in place relating to the Group's borrowing facilities; see note 43c.

The Company has guaranteed the liabilities of certain of its UK subsidiaries, being those listed in note 28, to enable them to take the audit exemption under section 479A of the Companies Act 2006.

46. Related parties

Trading transactions

During the year the Company entered into the following transactions and had the following balances with its subsidiaries:

	28 February 2018 £'000	28 February 2017 £'000
Sale of goods to subsidiaries	10,759	7,177
Management recharges	9,843	9,300
Finance income from subsidiaries	232	303
Amounts owed by subsidiaries at year end	10,045	11,293
Amounts owed to subsidiaries at year end	45,583	29,524

All amounts outstanding are unsecured and will be settled in cash. No provisions have been made for doubtful debts in respect of the amounts owed by subsidiaries.

Key management remuneration is disclosed in note 5.

Five Year Financial Summary

	2014 £'000	2015 £'000	2016 £'000	2017 £'000	**2018 £'000**
Revenue	109,496	111,125	123,725	142,564	**161,510**
Adjusted profit†	11,954	12,079	13,028	12,039	**13,217**
Adjusted diluted EPS‡	12.80p	14.73p	15.24p	12.63p	**13.92p**
Dividend per share	5.82p	6.10p	6.40p	6.70p	**7.51p**
Return on Capital Employed	9.4%	9.0%	9.2%	8.2%	**9.9%**
Net assets	116,036	124,154	132,967	139,299	**139,563**
Net cash*	10,037	10,021	5,166	15,478	**25,428**

† Adjusted profit is profit before taxation, amortisation of acquired intangible assets and other highlighted items. The 2014 year has been restated to add back internally generated intangible asset amortisation to adjusted profit.

‡ Adjusted diluted EPS is calculated from adjusted profit with tax on adjusted profit deducted. Again, the 2014 year has been restated to reflect the change in treatment of internally generated intangible asset amortisation.

* Net cash is cash and cash equivalents net of the bank overdraft.

Company Information

Chairman	Sir Richard Lambert – Non-Executive Chairman
Executive Directors	Nigel Newton – Founder and Chief Executive Richard Charkin – Executive Director Wendy Pallot – Group Finance Director Jonathan Glasspool – Executive Director
Independent Non-Executive Directors	John Warren – Senior Independent Director Jill Jones Steven Hall
Company Secretary	Michael Daykin FCIS, FCA
Registered Office	50 Bedford Square London WC1B 3DP +44 (0) 20 7631 5600
Registered number	01984336 (England & Wales)
Auditor	KPMG LLP 15 Canada Square London E14 5GL
Bankers	Lloyds Bank 25 Gresham Street London EC2V 7HN
Stockbrokers and Financial Advisers	Investec Investment Banking 2 Gresham Street London EC2V 7QP
Registrars	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

Explanation of the Annual General Meeting

To Bloomsbury Shareholders and, for information only, to the holders of share options and awards under the Company's share incentive schemes.

This document is important and requires your immediate attention.

1. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000.
2. If you sell or have sold or otherwise transferred all of your shares, you should send this document together with the accompanying Form of Proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or the transferee.

Dear Shareholder

The 2018 Annual General Meeting ("AGM") of Bloomsbury Publishing Plc (the "Company") is to be held at 50 Bedford Square, London WC1B 3DP on Wednesday 18 July 2018 at 12 noon. The formal notice convening the AGM is set out below.

Information regarding the AGM, including the information required by section 311A of the Companies Act 2006 (the "Act"), is available from www.bloomsbury-ir.co.uk.

The AGM is an important opportunity for the Directors to listen to the Shareholders and respond to their questions. It is also when Shareholders are asked to vote in favour of various resolutions related to the running and management of the Company. Therefore below are explanatory notes relating to the resolutions that you will be asked to consider and vote on at the AGM. Resolutions 1 to 13 will be proposed as ordinary resolutions and resolutions 14, 15 and 16 will be proposed as special resolutions.

As at 12 noon on the date of this notice, the Company's issued share capital comprised 75,328,570 Ordinary shares of 1.25 pence each (subject to any changes that will be notified to you at the beginning of the AGM). Each Ordinary share carries the right to one vote at a General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 12 noon on the date of this notice is 75,328,570.

As a Shareholder, you are entitled to attend and vote but, if you are not able to attend, then you may appoint one or more proxies to attend, speak and vote on your behalf.

As your vote is important to us, whether or not you intend to come to the AGM, you are asked to return the Form of Proxy provided to you. Completing the Form of Proxy will not prohibit Shareholders from attending, and voting at, the AGM in person.

The Ordinary Business to be proposed at the 2018 Annual General Meeting

Resolution 1 (ordinary resolution) – Report and Accounts

To receive the report of the Directors and the financial statements for the year ended 28 February 2018, together with the report of the Auditor.

Resolution 2 (ordinary resolution) – Approval of Annual Statement by the Chairman of the Remuneration Committee and Annual Report on Directors' Remuneration

The Directors are required to prepare the Directors' Remuneration Report, comprising an annual report detailing the remuneration of the Directors and an annual statement by the Chair of the Remuneration Committee. These are set out on pages 50 to 51 and 58 to 67 of the Annual Report and Accounts. The Company is required to seek Shareholders' approval in respect of the contents of this Report on an annual basis (excluding the part containing the Directors' Remuneration Policy) and of the annual statement. The vote for Resolution 2 is an advisory one.

Resolution 3 (ordinary resolution) – Final dividend

The Board proposes a final dividend of 6.36p per share for the year ended 28 February 2018. If approved, the recommended final dividend will be paid on 24 August 2018 to all Shareholders who are on the register of members on 26 July 2018. Payments will be made by cheque or BACS (where there is an existing dividend mandate). The final dividend equates to an aggregate distribution to Shareholders of approximately £4.7 million, making approximately £5.6 million in aggregate for the interim and final dividend together for the year ended 28 February 2018.

Resolutions 4 to 10 (ordinary resolutions) – Re-election of Directors

In accordance with best practice for issuers listed on the Main Market of the London Stock Exchange and the Articles of Association of the Company ("Articles"), all the Directors will retire at the AGM and, being eligible, offer themselves for reappointment. The Board has considered the appraisal of the performance of each Director and has concluded that each of them makes positive and effective contributions to the meetings of the Board and the committees on which they sit and that they demonstrate commitment to their roles.

The Board is satisfied that each Non-Executive Director offering themselves for re-appointment is independent in character and there are no relationships or circumstances likely to affect their character or judgement.

Biographies of each of the Directors are available from the Company's website: www.bloomsbury-ir.co.uk.

The Board unanimously recommends the re-appointment of each of the Directors.

Explanation of the Annual General Meeting

Resolution 11 (ordinary resolution) – Reappointment of the Auditor

The Board recommends that the incumbent External Auditor, KPMG LLP (who have been in office since the 2013/14 financial year), be reappointed for a further year so that they are able to audit the Company's report and accounts for the year ending 28 February 2019.

Resolution 12 (ordinary resolution) – Remuneration of the Auditor

The Board proposes that it be authorised to determine the level of the Auditor's remuneration for the year ending 28 February 2019.

The Special Business to be proposed at the 2018 Annual General Meeting

Resolution 13 (ordinary resolution) – Authority to allot Ordinary shares

This is an ordinary resolution to replace the general authority, last given at the 2017 AGM, for the Directors to be authorised to allot Ordinary shares pursuant to section 551 of the Act. This resolution, if passed, would give the Directors the authority to allot up to 25,107,012 Ordinary shares of 1.25 pence with a nominal value of £313,838, representing approximately 33.33% of the issued Ordinary share capital of the Company at the date of this notice.

This authority, if granted, will expire on the earlier of the conclusion of the Company's next AGM and 15 months from the date of passing this resolution. The Board has no present intention of exercising the authority granted by this resolution save in the circumstances referred to below. The Board intends to seek its renewal at subsequent AGMs of the Company.

As at the date of signing the Directors' Remuneration Report for the 2018 Annual Report, the Directors had beneficial holdings of Ordinary shares in the Company which, in aggregate, amounted to approximately 2.3% of the Ordinary shares in issue. The Directors have been granted awards under the Company's share award schemes that, if they were to fully vest, would entitle the Directors to further Ordinary shares which in aggregate would amount to approximately a further 2.8% of the Ordinary shares in issue.

Resolutions 14 and 15 (special resolutions) – Disapplication of statutory pre-emption provisions

If the Directors wish to allot new shares and other equity securities, or to sell treasury shares, for cash (other than in connection with an employee share scheme), company law requires that these shares are offered first to shareholders in proportion to their existing shareholdings.

The Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities and sales of treasury shares for cash representing no more than 5% of the issued ordinary share capital of the Company (exclusive of treasury shares), without restriction as to the use of proceeds of those allotments.

Accordingly, the purpose of Resolution 14 is to authorise the Directors to allot new Ordinary shares pursuant to the allotment authority given to them by Resolution 13, or to sell treasury shares, for cash (i) pursuant to the terms of the Company's employees' share schemes, (ii) in connection with a pre-emptive offer or rights issue to shareholders or (iii) otherwise up to a nominal value equivalent to 5% of the issued ordinary share capital (exclusive of treasury shares) without the shares first being offered to existing shareholders in proportion to their existing shareholdings.

The Board also intends to adhere to the provisions in the Pre-Emption Group's Statement of Principles and not to allot shares or other equity securities or to sell treasury shares for cash on a non pre-emptive basis pursuant to the authority in Resolution 14 in excess of an amount equal to 7.5 per cent of the issued ordinary share capital (excluding treasury shares), within a rolling three-year period, other than: with prior consultation with shareholders; or in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The Pre-Emption Group's Statement of Principles also supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities and sales of treasury shares for cash representing no more than an additional 5% of issued ordinary share capital (exclusive of treasury shares), to be used only in connection with an acquisition or specified capital investment in respect of which sufficient information is made available to shareholders to enable them to reach an assessment of the potential return.

Accordingly, and in line with the template resolutions published by the Pre-Emption Group, the purpose of Resolution 15 is to authorise the Directors to allot new shares and other equity securities pursuant to the allotment authority given by Resolution 13, or sell treasury shares, for cash up to a further nominal amount equivalent to 5% of the issued ordinary share capital (exclusive of treasury shares) only in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue. If the authority given in Resolution 15 is used, the Company will publish details of the placing in its next annual report.

If Resolutions 14 and 15 are passed, the authority will expire on the earlier of the conclusion of the Company's next AGM and 15 months from the date of passing the resolutions.

The Board considers the authorities in Resolutions 14 and 15 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions. The Directors have no current intention to exercise the authorities granted by Resolutions 14 and 15. The Company has not allotted Ordinary shares or sold treasury shares for cash on a non-pre-emptive basis in the previous five years other than 869,054 shares allotted during December 2014 in connection with the acquisition of Osprey Publishing, 247,393 shares allotted during August 2016 in connection with the acquisition of Berg Fashion Library and shares allotted under employee share option schemes.

Resolution 16 (special resolution) – Authority for the Company to purchase Ordinary shares

This is a resolution to replace the general authority, last given at the 2017 AGM, for the Company to purchase its own Ordinary shares and either to cancel them or to hold them as Treasury shares. The Company would be authorised to make market purchases of up to 7,532,857 Ordinary shares with a nominal value of £94,161, being equivalent to 10% of the issued Ordinary share capital (excluding treasury shares) at the date of this notice.

Treasury shares are not taken into account in calculations of earnings per share and may only be transferred pursuant to an employee share scheme, cancelled or sold for cash. Shares would only be purchased if the Directors consider such purchases are in the best interests of Shareholders generally and can be expected to result in an increase in earnings per share. The authority will only be used after considering the prevailing market conditions, other investment opportunities, appropriate gearing levels and the overall financial position of the Company. Any purchases would be market purchases through the London Stock Exchange. The upper and lower limits on the price which may be paid for those shares are set out in the resolution itself.

This authority would, if granted, expire on the earlier of the conclusion of the Company's next AGM and 15 months from the date of passing this resolution.

The Directors believe it is prudent to seek this general authority to be able to act if circumstances arise in which they consider such purchases to be in the best interests of Shareholders generally. The Directors have no current intention to exercise the authority granted by this resolution. The Company has not purchased its own Ordinary shares in the previous five years and holds no shares in treasury as at the date of this notice.

Action to be taken

As outlined above, information regarding the AGM is available from www.bloomsbury-ir.co.uk.

Enclosed with this Notice of Meeting, you will find a reply-paid Form of Proxy for use at the AGM. Whether or not you are able to attend the AGM, you are advised to complete and return the Form of Proxy in accordance with the instructions printed on it.

If you wish to attend the AGM in person then the proxy appointment will not preclude you from doing so.

The Form of Proxy should be completed and returned as soon as possible to Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF and, in any event, so as to reach such address no later than 48 hours before the appointed commencement time of the AGM (for which a prepaid business reply service has been provided). You may also deliver it by hand to Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF during usual business hours, by such time.

Recommendations

The Board considers that the passing of Resolutions 1 to 16 is in the best interests of the Company and of the Shareholders as a whole and is most likely to promote the success of the Company. The Board unanimously recommends that you vote in favour of all the resolutions, as each of the Directors intends to do in respect of his or her own beneficial holdings of shares in the Company.

Yours faithfully

Michael Daykin
Group Company Secretary
Bloomsbury Publishing Plc
22 May 2018

Notice of the Annual General Meeting

Bloomsbury Publishing Plc

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 50 Bedford Square, London, WC1B 3DP on Wednesday18 July 2018 at 12.00 noon for the following purposes:

Ordinary Business

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive the audited accounts of the Company for the year ended 28 February 2018, together with the Report of the Directors and the report of the Auditor thereon.
2. To approve the Annual Statement by the Chairman of the Remuneration Committee and the Annual Report on Directors' Remuneration for the year ended 28 February 2018, as set out on pages 50 to 51 and 58 to 67 respectively of the Company's Annual Report and Accounts for the year ended 28 February 2018.
3. To declare a final dividend of 6.36p per Ordinary share.
4. To re-elect John Warren as a Director of the Company.
5. To re-elect Jill Jones as a Director of the Company.
6. To re-elect Steven Hall as a Director of the Company.
7. To re-elect Nigel Newton as a Director of the Company.
8. To re-elect Penny Scott-Bayfield as a Director of the Company.
9. To re-elect Jonathan Glasspool as a Director of the Company.
10. To re-elect Sir Richard Lambert as a Director of the Company.
11. To reappoint KPMG LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which financial statements for the Company are laid before the Company.
12. To authorise the Directors to determine the remuneration of the Auditor on behalf of the Company.

Special Business

To consider and, if thought fit, to pass the following resolutions of which Resolution 13 will be proposed as an ordinary resolution and resolutions 14, 15 and 16 will be proposed as special resolutions.

13. THAT:
    a) the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company to such persons and on such terms as they think proper up to a maximum aggregate nominal amount of £313,838 provided that:
        i) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, 15 months from the date of passing of this resolution, unless previously varied, revoked or renewed by the Company in general meeting; and
        ii) the Company shall be entitled to make, before the expiry of such authority, any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares in the Company to be granted after the expiry of such authority and the Directors may allot any shares pursuant to such offer or agreement as if such authority had not expired; and
        iii) the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
    b) all prior authorities to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company given to the Directors by resolution of the Company be revoked but without prejudice to the allotment of any shares already made or agreed to be made pursuant to such authorities.
14. THAT: if Resolution 13 is passed, the Directors be authorised to allot equity securities (as defined in the Companies Act 2006 ("the Act")) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale such authority to be limited:
    i) to the allotment of equity securities in connection with a rights issue, open offer or other pre-emptive offer in favour of holders of Ordinary shares in the Company where the equity securities respectively attributable to the interests of all such holders of Ordinary shares are proportionate (as nearly as may be) to the respective numbers of and/or rights attaching to Ordinary shares held by them, subject to such exceptions, exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any regulatory body or any stock exchange or otherwise in any territory;

ii) to the allotment of equity securities pursuant to the terms of the Company's existing employees' share or share option schemes or any other employees' share scheme approved by the members of the Company in general meeting; and

iii) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (i) and (ii) above) up to a nominal value not exceeding in aggregate £47,080;

and shall expire at the conclusion of the next Annual General Meeting of the Company after passing this resolution or, if earlier, 15 months from the date of passing of this resolution, unless previously varied, revoked or renewed by the Company in general meeting, and provided that the Company may, before such expiry, make any offer or agreement which would or might require equity securities to be allotted or ordinary shares held by the Company as treasury shares to be sold after such expiry and the Directors may allot equity securities or sell treasury shares pursuant to any such offer or agreement as if the power hereby conferred had not expired; and all prior powers granted under section 571 of the Act be revoked provided that such revocation shall not have retrospective effect.

15. THAT: if Resolution 13 is passed, the Directors be authorised, in addition to any authority granted under Resolution 14, to allot equity securities (as defined in the Companies Act 2006 ("the Act") for cash under the authority given by Resolution 13 and/or to sell ordinary shares held by the Company as treasury shares for cash, as if section 561 of the Act did not apply to any such allotment or sale, such further authority to be:

a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £47,080; and

b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the notice of this resolution;

and shall expire at the conclusion of the next Annual General Meeting of the Company after passing this resolution or, if earlier, 15 months from the date of passing of this resolution, unless previously varied, revoked or renewed by the Company in general meeting, and provided that the Company may, before such expiry, make any offer or agreement which would or might require equity securities to be allotted or ordinary shares held by the Company as treasury shares to be sold after such expiry and the Directors may allot equity securities or sell treasury shares pursuant to any such offer or agreement as if the power hereby conferred had not expired; and all prior powers granted under section 571 of the Act be revoked provided that such revocation shall not have retrospective effect.

16. THAT: the Company be authorised, pursuant to section 701 of the Companies Act 2006 ("the Act"), to make market purchases (as defined in section 693 (4) of the Act) of any of its Ordinary shares of 1.25p each ("Ordinary shares") in such manner and on such terms as the Directors may from time to time determine provided that:

a) the maximum number of Ordinary shares authorised to be purchased is 7,532,857 Ordinary shares being 10% of the issued Ordinary shares of the Company at the date of the notice of this resolution;

b) the maximum price (exclusive of expenses) which may be paid for each Ordinary share is an amount equal to 105 per cent of the average of the middle market quotations for an Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such share is contracted to be purchased and the minimum price (exclusive of expenses) which may be paid for each Ordinary share is 1.25 pence;

c) the authority hereby conferred shall, unless previously varied, revoked or renewed, expire at the conclusion of the next Annual General Meeting of the Company to be held after passing this resolution or 15 months from the date of passing of this resolution, whichever shall be the earlier; and

d) the Company shall be entitled under such authority to make at any time before its expiry or termination any contract to purchase its own shares which will or might be concluded wholly or partly after the expiry or termination of such authority and may purchase its own shares pursuant to such contract.

By order of the Board

Michael Daykin
Group Company Secretary
Bloomsbury Publishing Plc
22 May 2018

Registered Office
50 Bedford Square
London
WC1B 3DP

FINANCIAL STATEMENTS

Explanatory Notes

1. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from www.bloomsbury-ir.co.uk.
2. If a member wishes to attend the meeting in person, he or she must sign the enclosed Attendance Card and bring it with them to the meeting.
3. You may vote your shares electronically at www.signalshares.com
4. Only the holders of Ordinary shares are entitled to attend the meeting and vote. A member entitled to attend and vote may appoint one or more proxies to attend, speak and vote on his behalf. A proxy need not be a member of the Company. A Form of Proxy is enclosed for your use. Further copies of the Form of Proxy may be obtained from the registered office of the Company or from www.bloomsbury-ir.co.uk. It is possible for you to submit your proxy votes online.
5. Any member attending the meeting has the right to ask questions. The Company must answer any question relating to the business being dealt with at the meeting, except in certain circumstances, including (i) if to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (ii) the answer has already been given on a website in the form of an answer to a question, or (iii) if it is undesirable in the interest of the Company or the good order of the meeting that the question be answered.
6. Under section 338 and section 338A of the Companies Act 2006, a member or members meeting the qualification criteria in those sections have the right to require the Company i) to give to members of the Company entitled to receive notice of the AGM, notice of a resolution which may properly be moved and is intended to be moved at the AGM and/or ii) to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless a. (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); or b. it is defamatory of any person; or c. it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it. The request must be received by the Company not later than the later of the dates falling six weeks before the AGM and the time of giving this notice of AGM, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
7. If a member wishes his proxy to speak on his behalf at the meeting, he or she will need to appoint his/her own choice of proxy (who is not the Chairman) and give instructions directly to the proxy. The completion and return of a Form of Proxy will enable a Shareholder to vote at the Annual General Meeting without having to be present at the Annual General Meeting, but will not preclude him/her from attending the Annual General Meeting and voting in person if he/she should subsequently decide to do so.
8. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please sign and date the Form of Proxy and attach a schedule listing the names and addresses (in block letters) of all your proxies, the number of shares in respect of which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) and indicating how you wish each proxy to vote or abstain from voting. If you wish to appoint the Chairman as one of your multiple proxies, insert "Chairman of the Meeting" in the box which is used to identify the name of the proxy on the relevant proxy card.
9. To be valid, the enclosed Form of Proxy must be lodged with the Company's Registrars, Link Asset Services, in accordance with the instructions on the Form of Proxy not later than 48 hours before the time appointed for the holding of the Annual General Meeting.
10. Shareholders included on the register of members (in relation to Ordinary shares held in CREST, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001) at close of business on 16 July 2018 will be entitled to attend and vote at the Annual General Meeting in respect of the number of Ordinary shares registered in their name at that time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
11. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number RA10) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the Shareholder by whom he/she was nominated ("Relevant Member"), have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she, under any such agreement, may have a right to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

13. The statement of the rights of Shareholders in relation to the appointment of proxies does not apply to Nominated Persons. The rights described in this regard can only be exercised by Shareholders of the Company.
14. Shareholders should note that it is possible that, pursuant to requests made by Shareholders of the Company under sections 527 to 531 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.
15. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
16. In the case of joint registered holders, the signature of one holder will be accepted and the vote of the senior who tenders a vote, whether in person or proxy, shall be accepted to the exclusion of the votes of the other joint holders if more than one joint holder tenders a vote. For this purpose, seniority shall be determined by the order in which the names stand on the register of members in respect of the relevant joint holding.
17. You may not use any electronic address provided in this notice of meeting to communicate with the Company for any purposes other than those expressly stated.
18. Copies of the following documents will be available for inspection at the Company's Registered Office, 50 Bedford Square, London WC1B 3DP, during usual business hours on any weekday, Saturdays and public holidays excepted, from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the meeting:

- copies of the service agreements under which the Executive Directors of the Company are employed by the Company or its subsidiaries;
- copies of letters of appointment of the Non-Executive Directors;
- a copy of the Articles of Association of the Company; and
- the terms of reference of the Audit Committee, the Remuneration Committee and Nomination Committee of the Board.

Shareholder Notes

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Bloomsbury Publishing Plc

50 Bedford Square, London WC1B 3DP

Telephone +44 (0) 20 7631 5600
www.bloomsbury.com

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