

Registered number: 01273558

BONNIER PUBLISHING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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BONNIER PUBLISHING LIMITED

COMPANY INFORMATION

Directors	Magnus Janson Håkan Rudels (appointed 26 March 2018) Jim Zetterlund (appointed 10 May 2018) Jonathan Perdoni (appointed 16 January 2019)
Registered number	01273558
Registered office	107-109 The Plaza 535 Kings Road Chelsea London United Kingdom SW10 0SZ
Independent auditors	PricewaterhouseCoopers LLP 10 Bricket Road St Albans Herts AL1 3JX
Solicitors	Payne Hicks Beach 10 New Square Lincoln's Inn London WC2A 3QG

BONNIER PUBLISHING LIMITED

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BONNIER PUBLISHING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The directors present their Strategic Report on the Company for the year ended 31 December 2017.

Business review

The principal activity of the Company continues to be that of a holding company. The principal aim of the business is to manage its investments in its trading publishing companies both within and outside the United Kingdom.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

Competition:

The competitive environment both domestically and in the international market provides a key risk to the business as it impacts the performance of the Companies subsidiaries. There is competition both for the sales of product in the markets and for the acquisition of IP from content creators and authors.

Retail Environment:

Book selling retailers in the UK, which are supplied by the Company's subsidiaries, are under intense pressure both from economic pressures on consumers and migration of sales from bricks and mortar to the online arena. The size of the total market for books has continued to grow however there continues to be polarisation into fewer bigger titles sold by fewer retailers.

Brexit:

On 23 June 2016, the UK electorate voted to discontinue its membership of the European Union. The UK Government consequently triggered article 50 on 29 March 2017 to start the formal process of leaving the EU. While there will be commercial, operational and legal impacts from the UK's eventual exit from the EU, with the UK government setting out its intention to leave the single market, many uncertainties as to the eventual form of the exit still remain and make it difficult to forecast the impact on future years. As well as macro market risks from Brexit, there remains uncertainty surrounding delays to both imports and exports of finished book stocks by the Company's subsidiaries from the European Union around the date of eventual exit.

Financial Risks:

Foreign Currency Risk:

The Company transacts in a number of currencies. In order to mitigate the effects of large exchange rate movement, forward hedging arrangements are put in place where appropriate to mitigate the Company's foreign currency exposure.

Interest Rate Risk:

The Company has interest bearing liabilities, which are bank loans and overdrafts. As the funding arrangements of the Company are negotiated on a group wide basis through AB Bonnier Finans, the Company is able to benefit directly by also mitigating its interest rate risk as a result of this.

Liquidity Risk:

The Company maintains appropriate debt finance that is designed to ensure the Company has sufficient available funds for operations and planned expansions. All financial risks are closely managed by the Company's Board.

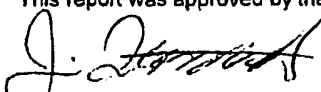
BONNIER PUBLISHING LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Financial key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that an analysis of key performance indicators is not relevant to the Company.

This report was approved by the board and signed on its behalf.



Jim Zetterlund

Director

Date: 24 May 2019

BONNIER PUBLISHING LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

BONNIER PUBLISHING LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Results and dividends

The loss for the year, after taxation, amounted to £86,529,535 (2016 - loss £9,194,825).

Subsequent to 31 December 2017 and a change in senior management, the directors became aware that the financial statements for the year ended 31 December 2016 and prior years contained material misstatements principally in the following areas:

- provisions to reduce the carrying value of non-current assets to their recoverable amount;
- intercompany balances which cannot be agreed to the accounting records of the relevant counterparties or were considered unrecoverable; and
- provisions for settlement of past statutory liabilities.

The directors have ensured that the balance sheet as at 31 December 2017 includes appropriate amounts and estimates in respect of the above matters. However, due to changes in staff and a lack of sufficient appropriate documentation it has not been possible to reasonably estimate the amounts that should have been recorded in 2016 and prior years to correct these errors. Accordingly, the figures for 2016 and prior years have not been restated which is not in accordance with Generally Accepted Accounting Principles. Our auditors have qualified our financial statements in this respect and also in respect of their inability to obtain sufficient appropriate audit evidence over the completeness of disclosures in respect of related party transactions.

The impact on the Company's result for 2017 and its net assets at 31 December 2017 of recording the appropriate adjustments in respect of the matters noted above was to increase the loss for the year by £80 million.

There were no dividends paid in the year (2016: NIL).

Director

The director who served during the year was:

Magnus Janson
Derek Freeman (resigned 30 June 2018)
Richard Johnson (resigned 26 February 2018)
Håkan Rudels (appointed 26 March 2018)
Jim Zetterlund (appointed 10 May 2018)
Jonathan Perdoni (appointed 16 January 2019)

Political contributions

There were no political contributions made during the year (2016: NIL).

Future developments

The Company has restructured the group in the year, divesting a number of its overseas operations and focussing on expansion within the UK market.

BONNIER PUBLISHING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern

The Company recorded a loss for the financial year ended 31 December 2017 of £86,529,535 and had net current liabilities and net liabilities of £37,491,988 and £51,991,988 as at 31 December 2017.

The Company will act as an investment company only going forward and the directors are confident that it will trade profitably going forward and generate sufficient cash from its operations to meet its liabilities as they fall due. However, in the event of the Company requiring additional financial resources, Bonnier Books Holding A.B., an intermediate parent company has confirmed in writing that it will provide such financial support as the Company requires for it to continue its operations and meet its liabilities as they fall due for a period of not less than twelve months from the date of the approval of these financial statements. Accordingly, the directors consider it appropriate to prepare the financial statements on the going concern basis.

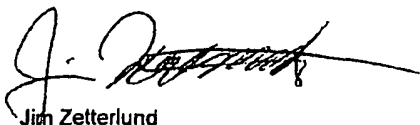
Post balance sheet events

In December 2018, the Company's parent company recapitalised the Company via the issuance of £52,826,000 in share capital. The Company used this capital to reduce its loan position with Bonnier Treasury S.A. by £31,947,000 and £20,879,000 was applied to the recapitalisation of its subsidiaries.

Auditors

The auditors, Haysmacintyre resigned on the 9th May 2018. PricewaterhouseCoopers LLP were subsequently appointed as auditors in accordance with Section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Jim Zetterlund
Director

Date: 24 May 2019

BONNIER PUBLISHING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BONNIER PUBLISHING LIMITED

***Independent auditors' report to the members of
Bonnier Publishing Limited***

Report on the audit of the financial statements

Disclaimer of opinion on the loss for the year

In our opinion, Bonnier Publishing Limited's financial statements give a true and fair view of the state of the company's affairs as at 31 December 2017.

Because of the significance of the matters described in the Basis for disclaimer of opinion on the loss for the year paragraph below, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the company's loss for the year. Accordingly, we do not express an opinion on:

- the company's loss for the year ended 31 December 2017;
- whether the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- whether the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We were engaged to audit the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for disclaimer of opinion on the loss for the year

Subsequent to 31 December 2017 and a change in senior management, the directors became aware that the financial statements for the year ended 31 December 2016 and prior years contained material misstatements principally in the following areas:

- provisions to reduce the carrying value of non-current assets to their recoverable amount;
- intercompany balances which cannot be agreed to the accounting records of the relevant counterparties or were considered unrecoverable; and
- provisions for settlement of past statutory liabilities.

Due to changes in staff and a lack of sufficient appropriate documentation it has not been possible to reasonably estimate the amounts that should have been recorded in 2016 and prior years to correct these errors. Accordingly, we were unable to obtain sufficient appropriate audit evidence in relation to opening balances as at 1 January 2017. Since these balances impact the determination of the financial performance for 2017, we were unable to determine whether adjustments might have been necessary in respect of the loss for the year reported in the statement of comprehensive income and statement of changes in equity. Whilst management have ensured that the items noted above have been corrected in the statement of financial position as at 31 December 2017, they have not been able to reasonably estimate the impact on 2016 and prior years in order to restate them. Accordingly, the impact of correcting these misstatements has been fully recorded in the loss for the year ended 31 December 2017, which is not in accordance with Generally Accepted Accounting Practice. We have also been unable to obtain sufficient appropriate audit evidence on the completeness of related party transactions during the year ended 31 December 2017 or assess the impact of the matters disclosed in this Basis for disclaimer of opinion on the loss for the year paragraph on the comparative information disclosed in these financial statements.

BONNIER PUBLISHING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BONNIER PUBLISHING LIMITED

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

Notwithstanding our disclaimer of an opinion on the loss for the year, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements.

Because of the significance of the matters described in the Basis for disclaimer of opinion on the loss for the year paragraph above we have been unable to form an opinion whether, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 has been prepared in accordance with applicable legal requirements.

Notwithstanding our disclaimer of an opinion on the loss for the year, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit and performed subject to the pervasive limitation described above, we did not identify any material misstatements in the Strategic Report and Directors' Report.

BONNIER PUBLISHING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BONNIER PUBLISHING LIMITED

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Arising from the limitation of our work referred to in the Basis for disclaimer of opinion on the loss for the year paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the company.

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

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

We have no exceptions to report arising from this responsibility.



Robert Girdlestone (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
24 May 2019

BONNIER PUBLISHING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	1,098,856	1,007,129
Cost of sales		(93,919)	(57,895)
Gross profit		1,004,937	949,234
Administrative expenses		(84,442,826)	(7,549,391)
Operating loss	5	(83,437,889)	(6,600,157)
Interest receivable and similar income	9	33	301
Interest payable and expenses	10	(3,091,679)	(2,594,969)
Loss before tax		(86,529,535)	(9,194,825)
Tax on loss		-	-
Loss for the financial year and total comprehensive loss		(86,529,535)	(9,194,825)

There was no other comprehensive income for 2017 (2016: £NIL).

The notes on pages 12 to 30 form part of these financial statements.

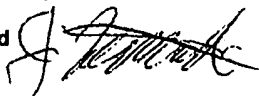
BONNIER PUBLISHING LIMITED
REGISTERED NUMBER: 01273558

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

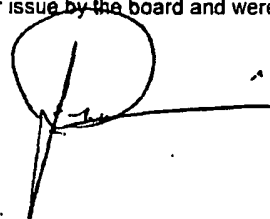
	Note	2017 £	Restated 2016 £
Fixed assets			
Tangible assets	12	-	373,137
Investments	13	-	48,106,168
		<u>-</u>	<u>48,479,305</u>
Current assets			
Stocks	14	-	25,059
Debtors: amounts falling due within one year	15	36,826,388	14,652,521
		<u>36,826,388</u>	<u>14,677,580</u>
Creditors: amounts falling due within one year	17	(74,318,376)	(6,452,498)
Net current (liabilities)/assets		<u>(37,491,988)</u>	<u>8,225,082</u>
Total assets less current liabilities		<u>(37,491,988)</u>	<u>56,704,387</u>
Creditors: amounts falling due after more than one year	18	(12,000,000)	(58,766,840)
Provisions for liabilities			
Other provisions		(2,500,000)	-
		<u>(2,500,000)</u>	<u>-</u>
Net liabilities		<u>(51,991,988)</u>	<u>(2,062,453)</u>
Capital and reserves			
Called up share capital	22	60,600,010	24,000,010
Profit and loss account	23	(112,591,998)	(26,062,463)
Total equity		<u>(51,991,988)</u>	<u>(2,062,453)</u>

The financial statements on pages 9 - 30 were approved and authorised for issue by the board and were signed on its behalf on 24 May 2019.

Jim Zetterlund
 Director



Jonathan Perdoni
 Director



The notes on pages 12 to 30 form part of these financial statements.

Details of the restatements are given in the notes to the financial statements.

BONNIER PUBLISHING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2016	20,000,010	(16,867,638)	3,132,372
Loss for the year and other comprehensive income	-	(9,194,825)	(9,194,825)
Shares issued during the year	4,000,000	-	4,000,000
At 1 January 2017	24,000,010	(26,062,463)	(2,062,453)
Loss for the year and other comprehensive income	-	(86,529,535)	(86,529,535)
Shares issued during the year	36,600,000	-	36,600,000
At 31 December 2017	60,600,010	(112,591,998)	(51,991,988)

The notes on pages 12 to 30 form part of these financial statements.

BONNIER PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Bonnier Publishing Limited is a private company limited by shares that is incorporated in England and Wales with registered number 01273558

The registered office of the Company is 107 -109 The Plaza, 535 Kings Road, Chelsea, London, United Kingdom, SW10 0SZ

The principal activity of the Company continues to be that of a holding company. The principal aim of the business is to manage its investments in its trading publishing companies both within and outside the United Kingdom.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

Subsequent to 31 December 2017 and a change in senior management, the directors became aware that the financial statements for the year ended 31 December 2016 and prior years contained material misstatements principally in the following areas:

- provisions to reduce the carrying value of non-current assets to their recoverable amount;
- intercompany balances which cannot be agreed to the accounting records of the relevant counterparties or were considered unrecoverable; and
- provisions for settlement of past statutory liabilities.

The directors have ensured that the balance sheet as at 31 December 2017 includes appropriate amounts and estimates in respect of the above matters. However, due to changes in staff and a lack of sufficient appropriate documentation it has not been possible to reasonably estimate the amounts that should have been recorded in 2016 and prior years to correct these errors. Accordingly, the figures for 2016 and prior years have not been restated which is not in accordance with Generally Accepted Accounting Principles. Our auditors have qualified our financial statements in this respect and also in respect of their inability to obtain sufficient appropriate audit evidence over the completeness of disclosures in respect of related party transactions.

The impact on the Company's results for 2017 and its net assets as at 31 December 2017 of recording the appropriate adjustments in respect of the matters noted above was to increase the loss for the year by £80 million.

The following principal accounting policies have been applied:

2.2 Cash flow statement

The Company, being a subsidiary undertaking whose results are included within the Albert Bonnier A.B. Group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 102.

BONNIER PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.3 Going concern

The Company recorded a loss for the financial year ended 31 December 2017 of £86,529,535 and had net current liabilities and net liabilities of £37,491,988 and £51,991,988 as at 31 December 2017.

The directors are confident that the Company will trade profitably going forward and generate sufficient cash from its operations to meet its liabilities as they fall due. However, in the event of the Company requiring additional financial resources, Bonnier Books Holding A.B., an intermediate parent company has confirmed in writing that it will provide such financial support as the Company requires for it to continue its operations and meet its liabilities as they fall due for a period of not less than twelve months from the date of the approval of these financial statements. Accordingly, the directors consider it appropriate to prepare the financial statements on the going concern basis.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Management recharges

The Company's revenue consists mainly of management charges levied to its subsidiary.

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

BONNIER PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.7 Interest costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

BONNIER PUBLISHING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- 3 - 5 years straight line basis
Fixtures and fittings	- 5 years straight line basis
Office equipment	- 3 - 10 years straight line basis
Computer equipment	- 3 - 5 years straight line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.11 Valuation of Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.13 Debtors

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

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying its accounting policies, the Company is required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented.

On an ongoing basis, the Company evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known.

The following paragraphs detail the estimates and judgements the Company believes to have the most significant impact on the results under FRS102.

Provisions and contingencies

The Company may, from time to time, be required to make provisions for expected cash outflows relating to, amongst other things, commercial, contractual, statutory and employment matters, which occur in the ordinary course of business. The Company routinely assesses the likelihood of any adverse outcomes in respect of such matters as well as ranges of probable losses. Estimates involve judgements made by management after considering relevant information including prior experience and advice from professional advisors. A provision is recognised when it is probable that an obligation exists for which a reliable estimate can be made after careful analysis of such matters. The required provision may change in the future due to new developments and/or as additional information becomes available, and accordingly the previous estimates made may be subject to material change. Matters that do not meet the recognition criteria for a provision are disclosed as contingent liabilities, unless the possibility of transferring economic benefits is remote.

Impairment of fixed asset investments

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' value in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values.

4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Management fees and recharges	1,026,398	958,629
Sale of books	72,458	48,500
	<u>1,098,856</u>	<u>1,007,129</u>

All turnover arose within the United Kingdom.

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**NOTES TO THE FINANCIAL STATEMENTS
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5. Operating loss

The operating loss is stated after charging:

	2017	2016
	£	£
Impairment of investments	54,760,168	-
Impairment of intercompany receivables	22,851,079	-
Provision for settlement of past statutory liabilities	2,500,000	-
Depreciation and impairment of tangible fixed assets	400,685	124,835
Other operating lease rentals - Land & buildings	98,240	98,070
- Other	68,123	52,766

6. Auditors' remuneration

	2017	2016
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	300,000	6,200
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	-	3,200
All other services	-	600
	-	3,800

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**NOTES TO THE FINANCIAL STATEMENTS
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7. Employees

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	2,840,961	1,823,435
Social security costs	311,905	215,518
Other pension costs	117,292	32,760
	<u>3,270,158</u>	<u>2,071,713</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Administrative staff	<u>44</u>	<u>15</u>

8. Directors' remuneration

	2017 £	2016 £
Aggregate emoluments	703,488	499,949
Pension contributions	40,517	30,456
	<u>744,005</u>	<u>530,405</u>

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £590,738 (2016 - £415,643).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £40,517 (2016 - £30,456).

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**NOTES TO THE FINANCIAL STATEMENTS
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9. Interest receivable

	2017 £	2016 £
Other interest receivable	33	301
	<u>33</u>	<u>301</u>

10. Interest payable and similar expenses

	2017 £	2016 £
Bank interest payable	15	35
Other loan interest payable	3,091,664	2,594,934
	<u>3,091,679</u>	<u>2,594,969</u>

Other loan interest payable mainly comprises amounts charged on intercompany borrowings.

11. Taxation

	2017 £	2016 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.25% (2016: 20.25%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	<u>(86,529,535)</u>	<u>(9,194,825)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 : 20.25%)	<u>(16,656,935)</u>	<u>(1,861,952)</u>
Effects of:		
Differences between depreciation and capital allowances	14,445	-
Expenses not deductible for tax purposes	10,927,919	1,861,952
Non taxable income	(120,462)	-
Impact of changes in tax rates	130,803	-
Tax losses not recognised	5,704,230	-
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Any deferred taxes at the balance sheet date have been measured using the latest relevant enacted tax rates.

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2017	134,222	-	447,841	-	582,063
Additions	5,061	9,097	-	13,391	27,549
At 31 December 2017	<u>139,283</u>	<u>9,097</u>	<u>447,841</u>	<u>13,391</u>	<u>609,612</u>
Depreciation					
At 1 January 2017	72,200	-	136,726	-	208,926
Charge for the year	67,083	9,097	311,115	13,391	400,686
At 31 December 2017	<u>139,283</u>	<u>9,097</u>	<u>447,841</u>	<u>13,391</u>	<u>609,612</u>
Net book value					
At 31 December 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2016	<u>62,022</u>	<u>-</u>	<u>311,115</u>	<u>-</u>	<u>373,137</u>

During the year, the directors reviewed the carrying value of the tangible fixed assets and determined that an additional depreciation charge was needed to reflect a nil carrying value.

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2017	56,846,002
Additions	6,654,000
At 31 December 2017	<u>63,500,002</u>
Impairment	
At 1 January 2017	8,739,834
Charge for the year	54,760,168
At 31 December 2017	<u>63,500,002</u>
At 31 December 2017	<u>-</u>
At 31 December 2016	<u>48,106,168</u>

During the year the directors performed a review of the carrying value of investments in subsidiary undertakings and concluded that they should be impaired to their net realisable value of nil.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Bonnier Media Limited	West Wing, The Granary, Birdham Road, Chichester, West Sussex, United Kingdom, PO20 7EQ	Book Publishing	Ordinary	100%
Piccolia S.A.	5 Rue d'Alembert, 91240 Saint-Michel-Sur-Orge, France	Book Publishing	Ordinary	100%
Five Mile Press Pty. Limited	1 Centre Road, Scoresby< Vic 3179, Australia	Book Publishing	Ordinary	100%
Kings Road Publishing Limited	107 -109 The Plaza, 535 Kings Road, London, SW10 0SZ.	Book Publishing	Ordinary	100%
Weldon Owen Limited	107 - 109 The Plaza, 535 Kings Road, London, SW10 0SZ.	Book Publishing	Ordinary	100%
Bonnier Zaffre Limited	80 - 81 Wimpole Street, London, United Kingdom, W1G 9RE	Book Publishing	Ordinary	100%
Blink Publishing Limited	107 - 109 The Plaza, 535 Kings Road, London, SW10 0SZ.	Book Publishing	Ordinary	100%
Igloo Books Group Holdings Limited	Cottage Farm, Mears Ashby Farm, Sywell, Northamptonshire, NN6 0BJ	Holding Company	Ordinary	100%
Igloo Holdings Limited *	Cottage Farm, Mears Ashby Farm, Sywell, Northamptonshire, NN6 0BJ	Holding Company	Ordinary	100%
Igloo Books Limited *	Cottage Farm, Mears Ashby Farm, Sywell, Northamptonshire, NN6 0BJ	Book Publishing	Ordinary	100%
Elcy SARL *	72 Rue de Rochechovant 75009 Paris France	Book Distribution	Ordinary	100%
Red Kite Fulfilment Limited *	Cottage Farm, Mears Ashby Farm, Sywell, Northamptonshire, NN6 0BJ	Delivery and fulfilment	Ordinary	100%
John Blake Publishing Limited *	3 Bramber Court, 2 Bramber Road, London, W14 9PB	Book Publishing	Ordinary	100%

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Class of shares	Holding
Metro Publishing Limited *	107 -109 The Plaza, 535 Kings Road, London, SW10 0SZ.	Book Publishing	Ordinary	100%
Totally Entwined Group Limited *	107 -109 The Plaza, 535 Kings Road, London, SW10 0SZ.	Publishing of adult fiction books	Ordinary	60%
Totally Bound Publishing Limited *	107 -109 The Plaza, 535 Kings Road, London, SW10 0SZ.	Book Publishing	Ordinary	60%
Open Publishing Limited *	107 -109 The Plaza, 535 Kings Road, London, SW10 0SZ.	Book Publishing	Ordinary	60%
Igloo Books GMBH *	Seelhorststraße 44D-30175 Hannover	Book distribution	Ordinary	100%
Piccadilly Press Limited *	107 -109 The Plaza, 535 Kings Road, London, SW10 0SZ.	Non-trading	Ordinary	100%
Templar Publishing Limited *	107 -109 The Plaza, 535 Kings Road, London, SW10 0SZ.	Non-trading	Ordinary	100%
Zaffre Publishing Limited	80-81 Wimpole Street, London, W1G 9RE.	Non-trading	Ordinary	100%
Weldon Owen Inc. *	415 Jackson Street, Suite 200, San Francisco, CA 94111, United States	Non-trading	Ordinary	100%

* All entities are directly owned other than the ones indicated.

All the above companies are incorporated in England and Wales with the exception of Elcy SARL and Piccolia SA which are incorporated in France and Five Mile Press Pty. Limited which is incorporated in Australia.

After the balance sheet date, the following companies were dissolved - Piccolia S.A., Five Mile Press Pty. Limited and Elcy SARL.

14. Stocks

	2017	2016
	£	£
Goods for resale	-	25,059
	-	25,059

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Debtors

	2017 £	Restated 2016 £
Trade debtors	16,245	32,313
Amounts owed by group undertakings	36,620,294	13,747,998
Other debtors	37,691	142,077
Prepayments and accrued income	152,158	730,133
	<u>36,826,388</u>	<u>14,652,521</u>

Amounts owed by group undertakings are repayable on demand, unsecured and not subject to interest.

The prior year amounts owed by group undertakings have been restated as explained in note 16 below.

16. Cash and cash equivalents

Following review by the directors, it was decided to reclassify the prior year amounts presented as cash and bank of £160,526 to amounts owed by group undertakings as Bonnier Treasury S.A. is the counterparty.

17. Creditors: Amounts falling due within one year

	2017 £	2016 £
Other loans	63,456,036	-
Trade creditors	399,320	362,009
Amounts owed to group undertakings	9,709,595	5,860,683
Other taxation and social security	287,628	83,520
Other creditors	17,964	17,868
Accruals and deferred income	447,833	128,418
	<u>74,318,376</u>	<u>6,452,498</u>

Other loans relates to two loans from Bonnier Treasury S.A. for £62,502,875 and £953,161 which are unsecured and bear interest at 5.07% and 2.26% respectively. The £62,502,875 loan is repayable on 21 December 2018 and the £953,161 is repayable on 1 February 2018.

Amounts owed by group undertakings are repayable on demand, unsecured and not subject to interest.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

18. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Other loans	12,000,000	58,766,840
	<u>12,000,000</u>	<u>58,766,840</u>

The amount above relates to two loans from Bonnier Treasury S.A. for £9,000,000 and £3,000,000 which are unsecured and bear interest at 3.79% and 3.07% respectively. The £9,000,000 loan is repayable on 21 March 2019 and the £3,000,000 is repayable on 5 July 2019.

19. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year		
Other loans	63,456,036	-
	<u>63,456,036</u>	<u>-</u>
Amounts falling due 1-2 years		
Other loans	12,000,000	-
	<u>12,000,000</u>	<u>-</u>
Amounts falling due 2-5 years		
Other loans	-	58,766,840
	<u>-</u>	<u>58,766,840</u>
	<u>75,456,036</u>	<u>58,766,840</u>

20. Deferred taxation

Unrecognised deferred tax

Management do not consider it appropriate to recognise a deferred tax asset for trading losses at the balance sheet date. The potential deferred tax asset not recognised at 31 December 2017 is £6,321,067.

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Provisions for liabilities

	2017	2016
	£	£
Other provisions	2,500,000	-
	2,500,000	-

Other provisions relate to the company's estimate of prior year statutory liabilities owed in respect of prior years. The company expects these to be agreed and settled within 12 months from approving these financial statements. The final settlement depends upon a number of factors and could vary materially from the amounts provided.

22. Share capital

	2017	2016
	£	£
Authorised, allotted, called up and fully paid		
60,600,010 (2016 - 24,000,010) Ordinary shares of £1.00 each	60,600,010	24,000,010

During the year, the Company issued 36,600,000 ordinary shares at par.

23. Reserves

Profit and loss account

Profit and loss account includes all current and prior retained profits and losses.

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £117,292 (2016: £32,760).

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**NOTES TO THE FINANCIAL STATEMENTS
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25. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Land and Building		
Not later than 1 year	53,035	165,169
Later than 1 year and not later than 5 years	22,073	200,607
	<u>75,108</u>	<u>365,776</u>
	2017 £	2016 £
Other		
Not later than 1 year	34,755	-
Later than 1 year and not later than 5 years	32,023	-
	<u>66,778</u>	<u>-</u>

26. Related party transaction

The Company has taken advantage of the exemption under FRS 102 not to disclose any transactions between wholly owned group undertakings.

The amount outstanding at the balance sheet date for companies not wholly owned by the Company is disclosed as follows:

	2017 £	2016 £
Totally Entwined Group Limited	-	252,756
	<u>-</u>	<u>252,756</u>

27. Post balance sheet events

In December 2018, the Company's parent company recapitalised the Company via the issuance of £52,826,000 in share capital. The Company used this capital to reduce its loan position with Bonnier Treasury S.A. by £31,947,000 and £20,879,000 was applied to the recapitalisation of its subsidiaries.

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**NOTES TO THE FINANCIAL STATEMENTS
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28. Controlling party

The immediate parent company is Bonnier Books A.B. and the ultimate parent company is Albert Bonnier A.B., both companies being incorporated in Sweden. Albert Bonnier A.B. is privately owned by members of the Bonnier family.