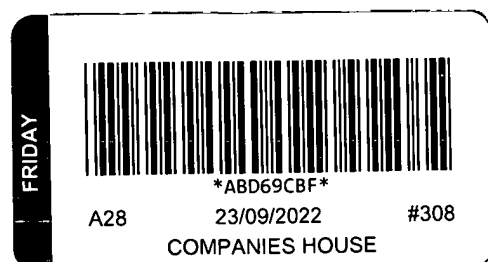


Bonnier Books UK Group Holdings Limited

Annual report and financial statements

For the year ended 31 December 2021



Bonnier Books UK Group Holdings Limited

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Bonnier Books UK Group Holdings Limited

Company information

Directors	Magnus Janson Håkan Rudels Jim Zetterlund Jonathan Perdoni Gregory Evaristo Richard Charkin
Registered number	01273558
Registered office	4th Floor Victoria House Bloomsbury Square London England WC1B 4DA
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 40 Clarendon Road Watford WD17 1JJ
Solicitors	Payne Hicks Beach 10 New Square Lincoln's Inn London WC2A 3QG

**Strategic report
For the year ended 31 December 2021**

Introduction

The directors present their Strategic report on the Company for the year ended 31 December 2021.

Business review and principal activities

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.

The company made two acquisitions during the year as detailed on page 4.

Principal risks and uncertainties

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

The results are described in the Directors' report.

Competition

The competitive environment both domestically and in the international market represents 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.

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.

Covid-19

Since February 2020 our markets both internationally and domestically have been impacted by the Covid-19 pandemic. Many retailers have been forced to shut for varying lengths of time and the retail environment may continue to be impacted for a period of time. This had the impact of reducing sales below expectation and increasing uncertainty. The Company and its subsidiaries addressed this by adjusting schedules, minimising discretionary expenditure and taking advantage of government schemes to protect employment and defer payments. This left the Company well placed to take advantage of opportunities in markets as they reopened.

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.

Bonnier Books UK Group Holdings Limited

Strategic report (continued)
For the year ended 31 December 2021

This report was approved by the board on 28.06.2022 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'Jim Zetterlund', is written over a horizontal line.

Jim Zetterlund
Director

**Directors' report
For the year ended 31 December 2021**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

Results and dividends

The loss for the financial year amounted to £4,060,359 (2020: £1,579,875).

There were no dividends paid in the year (2020: £Nil). The directors do not recommend a payment of a final dividend (2020: £Nil).

Directors

The directors of the Company who served during the year and up to the date of signing the financial statements were:

Magnus Janson
Håkan Rudels
Jim Zetterlund
Jonathan Perdoni
Gregory Evaristo
Richard Charkin

Political contributions

There were no political contributions made during the year (2020: £Nil).

Future developments

The Company will continue to act as a holding company for its trading subsidiaries going forward.

Going concern

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.

Acquisitions

On 21 July 2021 the Company acquired a 90% interest in the share capital of Black & White Publishing Limited, an entity that focuses on adult fiction and non-fiction titles. The total consideration as at 31 December 2021 comprises £1,676,484 paid in cash and estimated deferred contingent consideration of £243,881 payable in August 2022. The contingent consideration is based on management's best estimate and is dependent on the acquired business meeting specific pre-set targets. Bonnier Books UK Group Holdings Limited has an option to acquire the remaining 10% stake during 2024.

On 9 September 2021 the Company acquired an 80% interest in Footnote Press Limited, specialist publisher, for a consideration of £250,000. Bonnier Books UK Group Holdings has an option to acquire the remaining 20% stake during 2026.

Directors' report (continued)
For the year ended 31 December 2021

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and 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.

Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28.06.2022 and signed on its behalf.



Jim Zetterlund
Director

Independent auditors' report to the members of Bonnier Books UK Group Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Bonnier Books UK Group Holdings Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- 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
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited 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 2021; 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 opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

**Independent auditors' report to the members of Bonnier Books UK Group Holdings Limited
(continued)**

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to transactions outside the normal course of business being recorded in the financial statements. Audit procedures performed by the engagement team included:

- audit of taxation related balances and disclosures including review of any correspondence with HM Revenue & Customs;
- reviewing minutes of meetings during the year and up to the date of approval of the financial statements;
- enquiring with management about any litigation, claims and non-compliance with laws and regulations including reviewing legal expenses to identify any such undisclosed issues;
- identifying any unusual or unexpected transactions for further testing based on our understanding of the company and the nature of its business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

**Independent auditors' report to the members of Bonnier Books UK Group Holdings Limited
(continued)**

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

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or 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.

R P Girdlestone

Robert Girdlestone (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford

Date: 28 June 2022

Bonnier Books UK Group Holdings Limited

Statement of comprehensive income For the year ended 31 December 2021

	Note	2021 £	2020 £
Administrative expenses		(2,958,760)	(483,915)
Operating loss	4	(2,958,760)	(483,915)
Interest receivable and similar income		148,854	25,995
Interest payable and similar expenses	6	(1,250,453)	(1,121,955)
Loss before taxation		(4,060,359)	(1,579,875)
Tax on loss	7	-	-
Loss for the financial year and total comprehensive expense for the year		(4,060,359)	(1,579,875)

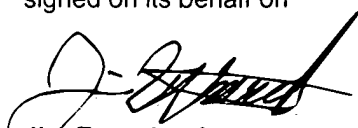
There was no other comprehensive income for 2021 (2020: £Nil).


The notes on pages 12 to 22 form part of these financial statements.

Statement of financial position
As at 31 December 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Investments	8		5,170,365		3,000,000
			<u>5,170,365</u>		<u>3,000,000</u>
Current assets					
Debtors	9	114,336		214,940	
		<u>114,336</u>		<u>214,940</u>	
Creditors: amounts falling due within one year	10	(10,950,673)		(11,153,607)	
Net current liabilities			<u>(10,836,337)</u>		<u>(10,938,667)</u>
Total assets less current liabilities			<u>(5,665,972)</u>		<u>(7,938,667)</u>
Creditors: amounts falling due after more than one year	11		(24,503,293)		(18,170,239)
Net liabilities			<u>(30,169,265)</u>		<u>(26,108,906)</u>
Capital and reserves					
Called up share capital	15		117,426,010		117,426,010
Accumulated losses	16		(147,595,275)		(143,534,916)
Total shareholders' deficit			<u>(30,169,265)</u>		<u>(26,108,906)</u>

The financial statements on pages 9 to 22 were approved and authorised for issue by the board and were signed on its behalf on 28.06.2022


Jim Zetterlund
Director


Jonathan Perdoni
Director

The notes on pages 12 to 22 form part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2021

	Called up share capital	Accumulated losses	Total shareholders' deficit
	£	£	£
At 1 January 2020	117,426,010	(141,955,041)	(24,529,031)
Comprehensive expense for the year			
Loss for the financial year	-	(1,579,875)	(1,579,875)
Total comprehensive expense for the year	-	(1,579,875)	(1,579,875)
As at 31 December 2020 and 1 January 2021	117,426,010	(143,534,916)	(26,108,906)
Comprehensive expense for the year			
Loss for the financial year	-	(4,060,359)	(4,060,359)
Total comprehensive expense for the year	-	(4,060,359)	(4,060,359)
At 31 December 2021	117,426,010	(147,595,275)	(30,169,265)

The notes on pages 12 to 22 form part of these financial statements.

**Notes to the financial statements
For the year ended 31 December 2021**

1. General information

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.

Bonnier Books UK Group Holdings Limited is a private company limited by shares that is incorporated in England and Wales, within the United Kingdom. The registered office of the Company is 4th Floor, Victoria House, Bloomsbury Square, London, England, WC1B 4DA.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis 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).

The following principal accounting policies have been applied consistently:

2.2 Going concern

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.

2.3 Consolidation

The Company is a wholly-owned subsidiary of Albert Bonnier AB, incorporated in Sweden and is included in the consolidated financial statements of Albert Bonnier AB incorporated in Sweden which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

2.4 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemption:

- under FRS 102 paragraph 1.12(b) from preparing a Statement of cash flows, on the basis that it is a qualifying entity and its parent company, includes the Company's cash flows in its own consolidated financial statements;
- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures; and
- from disclosing related party transactions that are wholly owned within the same group under paragraph 33.1A from the provisions of FRS 102, on the grounds that at 31 December 2021 it was a wholly owned subsidiary.

**Notes to the financial statements
For the year ended 31 December 2021**

2. Accounting policies (continued)

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.

2.7 Interest costs

Interest 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 Current and deferred 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.

**Notes to the financial statements
For the year ended 31 December 2021**

2. Accounting policies (continued)

2.9 Current and deferred taxation (continued)

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 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 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.

2.12 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.

2.13 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, and amounts owed by group undertakings are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of comprehensive income

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of comprehensive income.

**Notes to the financial statements
For the year ended 31 December 2021**

2. Accounting policies (continued)

2.13 Financial instruments (continued)

i. Financial assets (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii. Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Notes to the financial statements
For the year ended 31 December 2021

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. Operating loss

The operating loss is stated after charging/(crediting):

	2021	2020
	£	£
Fees payable to the Company's auditors and their associates for the audit of the company's annual financial statements	38,000	38,000
Fees payable to the Company's auditors and their associates for non-audit services	89,960	110,447
Reversal of provision for statutory liabilities (note 14)	-	(1,545,000)
	<u><u> </u></u>	<u><u> </u></u>

5. Employees and directors'

The Company has no employees other than the directors, who did not receive any remuneration (2020: £Nil).

Notes to the financial statements
For the year ended 31 December 2021

6. Interest payable and similar expenses

	2021	2020
	£	£
Bank interest payable	169,704	18,711
Other loan interest payable	1,080,749	1,103,244
	<u>1,250,453</u>	<u>1,121,955</u>

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

7. Tax on loss

	2021	2020
	£	£
Current tax		
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Total tax charge for the year	<u><u>-</u></u>	<u><u>-</u></u>

Factors affecting tax assessed for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
	£	£
Loss before taxation	<u>(4,060,359)</u>	<u>(1,579,875)</u>
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(771,468)	(300,176)
Effects of:		
Expenses not deductible for tax purposes	95,873	410,082
Deferred taxes not recognised	667,714	(109,906)
Group relief surrendered for nil consideration	7,881	-
Total tax charge for the year	<u><u>-</u></u>	<u><u>-</u></u>

Notes to the financial statements
For the year ended 31 December 2021

7. Tax on loss (continued)

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2021 (published on 24 May 2021, with royal assent received on 10 June 2021). This confirmed an increase to the corporation tax rate to 25% with effect from 1 April 2023. Deferred taxes at the Balance sheet date have been calculated based on the latest enacted rate.

8. Investments

	Investments in subsidiary undertakings £
Cost or valuation	
At 1 January 2021	90,465,075
Additions (see below)	2,170,365
At 31 December 2021	<u>92,635,440</u>
Accumulated impairment	
At 1 January 2021	87,465,075
At 31 December 2021	<u>87,465,075</u>
Net book value	
At 31 December 2021	<u><u>5,170,365</u></u>
At 31 December 2020	<u><u>3,000,000</u></u>

On 21 July 2021 the Company acquired a 90% interest in the share capital of Black & White Publishing Limited, an entity that focuses on adult fiction and non-fiction titles. The total consideration as at 31 December 2021 comprises £1,676,484 paid in cash and estimated deferred contingent consideration of £243,881 payable in August 2022. The contingent consideration is based on management's best estimate and is dependent on the acquired business meeting specific pre-set targets. Bonnier Books UK Group Holdings Limited has an option to acquire the remaining 10% stake during 2024.

On 9 September 2021 the Company acquired an 80% interest in Footnote Press Limited, specialist publisher, for a consideration of £250,000. Bonnier Books UK Group Holdings has an option to acquire the remaining 20% stake during 2026.

**Notes to the financial statements
For the year ended 31 December 2021**

8. Investments (continued)

Subsidiary undertakings

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	Non-trading	Ordinary	100%
Bonnier Books UK Limited	4th Floor, Victoria House, Bloomsbury Square, London, United Kingdom, WC1B 4DA	Book publishing	Ordinary	100%
Weldon Owen Limited	West Wing, The Granary, Birdham Road, Chichester, West Sussex, United Kingdom, PO20 7EQ	Non-trading	Ordinary	100%
Bonnier Zaffre Limited	West Wing, The Granary, Birdham Road, Chichester, West Sussex, United Kingdom, PO20 7EQ	Non-trading	Ordinary	100%
Blink Publishing Limited	West Wing, The Granary, Birdham Road, Chichester, West Sussex, United Kingdom, PO20 7EQ	Non-trading	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%
Red Kite Fulfilment Limited*	Cottage Farm, Mears Ashby Farm, Sywell, Northamptonshire, NN6 0BJ	Non-trading	Ordinary	100%
John Blake Publishing Limited*	West Wing, The Granary, Birdham Road, Chichester, West Sussex, United Kingdom, PO20 7EQ	Non-trading	Ordinary	100%
Metro Publishing Limited*	West Wing, The Granary, Birdham Road, Chichester, West Sussex, United Kingdom, PO20 7EQ	Non-trading	Ordinary	100%

Notes to the financial statements
For the year ended 31 December 2021

8. Investment (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Class of shares	Holding
Black & White Publishing Limited	104 Commercial Street, Edinburgh, EH6 6NF	Book-publishing	Ordinary	90%
B&W Publishing Limited	104 Commercial Street, Edinburgh, EH6 6NF	Dormant	Ordinary	90%
Footnote Press Limited	4th Floor, Victoria House, Bloomsbury Square, London, United Kingdom, WC1B 4DA	Book-publishing	Ordinary	80%

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

All the above companies are incorporated in England and Wales with the exception of Black & White Publishing Limited and B&W Publishing Limited which is incorporated in Scotland.

9. Debtors

	2021 £	2020 £
Amounts owed by group undertakings	4,851	48,522
Other debtors	92,318	155,042
Prepayments and accrued income	17,167	11,376
	114,336	214,940

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

10. Creditors: amounts falling due within one year

	2021 £	2020 £
Other loans - group undertakings (note 12)	-	6,333,054
Trade creditors	113,964	115,616
Amounts owed to group undertakings	9,912,708	3,588,210
Other creditors	9,231	9,231
Accruals and deferred income	914,770	1,107,496
	10,950,673	11,153,607

Other loans from group undertakings in the prior year related to unsecured amounts advanced by Bonnier Treasury S.A which had a final maturity date of 5 July 2021 which was formally extended to 5 July 2023 after the 2020 balance sheet date. Interest was charged at 4.54% per annum.

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

Notes to the financial statements
For the year ended 31 December 2021

11. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Other loans - group undertakings (note 12)	24,503,293	18,170,239

Other loans from group undertakings comprise unsecured advances from Bonnier Treasury S.A. as follows:

- Amounts totalling £18,170,239 (2020: £18,170,239) which had an original maturity date of 22 March 2022 but for which undertakings were received before the balance sheet date that they would not be recalled for payment until after 31 December 2022, with the final maturity date being subsequently extended to 22 March 2024 after the 2021 balance sheet date. Interest was charged at a rate of 5.57% (2020: 4.54%) per annum.
- A loan of £6,333,054 which had a final maturity date of 5 July 2023 for which undertakings were received after the balance sheet date that repayment would not be sought until after 31 December 2023. Interest was charged at a rate of 4.54% (2020: 4.54%) per annum.

12. Other loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Other loans	-	6,333,054
Amounts falling due 1-2 years		
Other loans	24,503,293	18,170,239
	24,503,293	24,503,293

13. Deferred taxation

Unrecognised deferred tax

Management do not consider it appropriate to recognise a deferred tax asset at the balance sheet date. The potential deferred tax asset not recognised at 31 December 2021 is £4,863,175 (2020: £3,028,378) and has been calculated using the latest enacted rate of 25% (2020: 19%).

Notes to the financial statements
For the year ended 31 December 2021

14. Provisions for liabilities

	2021 £	2020 £
1 January	-	2,500,000
Utilised	-	(955,000)
Credited to the statement of comprehensive income	-	(1,545,000)
31 December	-	-

Other provisions related to the estimated statutory liabilities of the company relating to prior years.

15. Called up share capital

	2021 £	2020 £
Authorised and fully paid		
117,426,010 (2020: 117,426,010) Ordinary shares of £1 each	117,426,010	117,426,010

16. Accumulated losses

Accumulated losses includes all current and prior year retained profits and accumulated losses.

17. Related party transactions

The Company has taken advantage of the exemption under FRS 102 not to disclose any transactions between wholly owned group undertakings. There are no other related party transactions.

18. Ultimate 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.