

JMWT Acquisition LLP

Report and Financial Statements

Period Ended

30 June 2013

Registered No: OC378972

Registered in England

JMWT Acquisition LLP

Report and financial statements
for the period ended 30 June 2013

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Members

Phaidon Global LLC
Phaidon LLC

Registered office

10 Norwich Street, Fleet Street, London, EC4A 1BD.

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

JMWT Acquisition LLP

Report of the members for the period ended 30 June 2013

The members present their report together with the audited financial statements for the period ended 30 June 2013.

Principal activity, significant changes and future developments

JMWT Acquisition LLP (the "LLP") was incorporated as a limited liability partnership on 3rd October 2012. These financial statements cover the first period since incorporation to 30 June 2013.

The principal activity of the group headed by the LLP is the publishing and sale of books and digital products on the visual arts, lifestyle and culture.

The consolidated financial statements comprise the financial statements of the LLP together with its subsidiary undertakings (the "Group"). The principal subsidiary undertakings of the LLP are set out in note 9 to the financial statements.

There have been no other events since the balance sheet date which would materially affect the position of the Group.

Results

The Group's consolidated profit and loss account for the year ending 30 June 2013 is set out on page 6.

Going concern

The members have reviewed the Group's cash flow forecasts for the next 12 months and beyond. JMWT Acquisition LLP has sufficient funds in place to finance the business. Phaidon Global LLC, the holding company of JMWT Acquisition LLP, has indicated that it will support the company for the foreseeable future. As a result the members consider the business to have adequate access to finance, and consider the business to be a going concern.

Designated members

The following were designated members at the end of the financial period and served for the entire period:

Phaidon Global LLC (appointed 3 October 2012)

JMWT Manager LLC (appointed 3 October 2012)

Post year-end, JMWT Manager LLC was renamed re-named Phaidon LLC on 24th June 2014.

Allocation of profits

Any profits are shared among the members as governed by the Limited Liability Partnership Agreement ("Partnership Agreement") dated 3rd October 2012.

Members are remunerated solely out of the profits of the partnership and final allocation of profits to members is made in accordance with the Partnership Agreement.

JMWT Acquisition LLP

Report of the members
for the period ended 30 June 2013

Capital

The members may only contribute to the partnership's capital in accordance with the Partnership Agreement.

No member is entitled to interest on their capital.

Policy for drawings, subscriptions and repayment of members' capital

The Partnership Agreement governs policies for members' drawings, subscriptions and repayment of members' capital.

No drawings or other payments can be made to or on behalf of any members, other than by distribution of profits, without the consent of the members. The firm will reserve, out of profits before distribution, sufficient funds to provide for the working capital requirements of the business.

Statement of disclosure of information to auditor

So far as the designated members are aware, there is no relevant audit information of which the LLP's auditors is unaware and the designated members have taken all steps that they ought to have taken as designated members in order to make themselves aware of any relevant audit information and to establish that the LLP's auditors is aware of that information

Independent Auditor

BDO LLP were appointed first auditor on 18 December 2013. A resolution to re-appoint BDO LLP as auditor will be proposed at the next annual general meeting.

Members' responsibilities

The members are responsible for preparing the members' report and financial statements in accordance with applicable law and regulation.

The Limited Liability Partnerships (*Accounts and Audit*) (*Application of the Companies Act 2006*) *Regulations 2008* require the members to prepare financial statements for each financial year. Under these regulations the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under these regulations the members 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 Limited Liability Partnership and of the profit or loss of the Limited Liability Partnership for that period.

In preparing these financial statements, the members are required to:

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

JMWT Acquisition LLP

**Report of the members
for the period ended 30 June 2013**

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Limited Liability Partnership's transactions, disclose with reasonable accuracy at any time the financial position of the Limited Liability Partnership, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the Limited Liability Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the members of the Limited Liability Partnership on 18th December 2014.

Designated member

JMWT Acquisition LLP

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JMWT ACQUISITION LLP

We have audited the financial statements of JMWT Acquisition LLP for the period ended 30 June 2013 which comprise the consolidated profit and loss account, the consolidated and partnership balance sheet, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the limited liability partnership's members, as a body, in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As explained more fully in the statement of members' responsibilities, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the limited liability partnership's affairs as at 30 June 2013 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

Opinion on other matters

In our opinion the information given in the members' report for the financial year [period] for which the financial statements are prepared is consistent with the financial statements.

JMWT Acquisition LLP

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the limited liability partnership financial statements are not in agreement with the accounting records and returns;
- we have not received all the information and explanations we require for our audit; or

*Scott McNaughton, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

JMWT Acquisition LLP

Consolidated profit and loss account for the period ended 30 June 2013

	Note	£'000
Turnover	2	14,793
Cost of sales		(8,709)
		<hr/>
Gross profit		6,084
Distribution costs		(4,969)
Administrative expenses		(7,926)
		<hr/>
Loss on ordinary activities before interest	3	(6,811)
Interest payable	4	(101)
		<hr/>
Loss on ordinary activities before taxation		(6,912)
Taxation on profit on ordinary activities in corporate subsidiaries		48
Loss for the financial period before members' remuneration and profit shares		(6,864)
Members' profit share charged as an expense		-
		<hr/>
Loss for the period		(6,864)
		<hr/>

The notes on pages 11 to 24 form part of these financial statements.

JMWT Acquisition LLP

Consolidated statement of total recognised gains and losses for the year ended 30 June 2013

	Note	£'000
Loss for the financial year		(6,864)
Currency translation differences on retranslation of net assets of subsidiary undertakings		259
		<hr/>
Total recognised gains and losses relating to the year		(6,605)
		<hr/> <hr/>

The notes on pages 11 to 24 form part of these financial statements.

JMWT Acquisition LLP

Consolidated balance sheet
at 30 June 2013

Registered number OC378972	Note	£'000	£'000
Fixed assets			
Intangible Assets	7		28,026
Tangible assets	8		640
			<hr/>
			28,666
Current assets			
Stock	12	11,320	
Debtors	13	5,300	
Amounts due from members		-	
Cash at bank and in hand		129	
		<hr/>	
		16,749	
Creditors: amounts falling due within one year	14	(8,842)	
		<hr/>	
Net current assets			7,907
			<hr/>
Total assets less current liabilities			36,573
Creditors: amounts falling due after more than one year	15		(1,973)
Provisions for liabilities			-
			<hr/>
Net assets attributable to members			34,600
			<hr/> <hr/>
Represented by:			
Loans and other debts due to members			
Members capital classified as debt under FRS 25	16		41,205
Other amounts	16		(6,605)
			<hr/>
Total members' interest			34,600
			<hr/> <hr/>

The consolidated financial statements were approved and authorised for issue on 18th December 2014 and signed on behalf of the members of JMWT Acquisition LLP by :

Designated member

The notes on pages 11 to 24 form part of these financial statements.

JMWT Acquisition LLP

LLP balance sheet
at 30 June 2013

<i>Registered number OC378972</i>	Note	£'000	£'000
Fixed assets			
Investments	9		42,424
			<hr/>
Net assets attributable to members			42,424
			<hr/>
Represented by:			
Loans and other debts due to members within one year			
Members capital classified as debt under FRS 25	16		41,205
Other amounts	16		1,219
			<hr/>
Total members' interest			42,424
			<hr/>

The consolidated financial statements were approved and authorised for issue on 18th December 2014 and signed on behalf of the members of JMWT Acquisition LLP by:

Designated member

The notes on pages 11 to 24 form part of these financial statements.

JMWT Acquisition LLP

Consolidated cash flow statement for the period ended 30 June 2013

	Note	£'000	£'000
Net cash inflow from operating activities	18		3,707
Returns on investments and servicing of finance			
Interest payable	4		(101)
			<hr/>
Net cash outflow from returns on investments and servicing of finance			3,606
Taxation			
Taxation on profit on ordinary activities in corporate subsidiaries	11		200
Capital expenditure and financial investment			
Purchase of tangible fixed assets	8		(162)
			<hr/>
Net cash outflow from capital expenditure and financial investment			3,644
Acquisitions and disposals			
Acquisition of subsidiary	10	(41,205)	
Cash acquired with subsidiary	10	250	
Overdraft acquired with subsidiary	10	(2,969)	
		<hr/>	(43,924)
Net cash outflow before financing activities			(40,280)
Transactions with members			
Members' capital introduced			41,205
			<hr/>
Decrease in cash	19		925
			<hr/>

The notes on pages 11 to 24 form part of these financial statements.

JMWT Acquisition LLP

Notes forming part of the financial statements for the period ended 30 June 2013

1 Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting by Limited Liability Partnerships.

These are the first financial statements and relate to the period from incorporation to 30 June 2013.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the results of JMWT Acquisition LLP and its subsidiary undertakings as at 30 June 2013 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

Depreciation

Depreciation is provided on all tangible fixed assets to write off the cost or valuation, less estimated residual values, evenly over their estimated useful lives. It is calculated at the following annual rates on a straight-line basis:

Warehouse fixtures and equipment	-	5 to 10 years
Leasehold improvements	-	Over the period of the lease
Office and store fixtures and equipment	-	5 to 50 years
Motor vehicles	-	5 years
Website	-	3 to 5 years

Valuation of investments

Investments held as fixed assets are stated at cost or valuation less any provision for impairment in value.

Goodwill

Goodwill arises on acquisitions and represents the excess of the fair value of the consideration given and associated costs over the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised and written off on a straight line basis over its expected useful economic life of five years and provision is made for any impairment in value.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings and from translating the profit and loss account at an average rate are taken to reserves.

JMWT Acquisition LLP

Notes forming part of the financial statements for the period ended 30 June 2013 (*continued*)

1 Accounting policies (*continued*)

Stock and Work in progress

Stock is valued at the lower of cost and net realisable value. For the purpose of determining unit costs of published books all costs associated with the preparation of each individual print run are allocated evenly across books produced in that printing.

Work in progress comprises third party expenditure on title development, for titles not yet printed and is valued at cost.

Royalties

Royalty costs are matched to sales of the title to which they relate. Royalty advances paid but not yet covered by royalties earned are recorded as an asset unless they are considered irrecoverable.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Pension costs

Contributions are made to either employees' personal pension schemes or the Company Personal Pension scheme, dependent on the employee's choice. The Company Personal Pension Scheme is a defined contribution scheme.

Leases

Rentals payable under operating leases are charged to the profit and loss account as incurred over the lease term.

Allocation of profits and drawings

Each member of the LLP has a capital account. All amounts contributed by a member are credited to its capital account and all amounts withdrawn by such member from the capital will be debited to its capital account.

Profits will be allocated among the members for each financial year in accordance with each members capital account. The final allocation of profits and distribution between members is made once the annual consolidated financial statements are approved.

All payments are made subject to the cash requirements of the business. Tax retentions where taken are paid to the relevant tax authorities on behalf of members with any excess being released to members as appropriate.

Excess profit is included in the balance sheet under "Loans and other debts due to members" Any losses for the financial year will be recorded in a separate loss reserve.

JMWT Acquisition LLP

Notes forming part of the financial statements
for the period ended 30 June 2013 (*continued*)

2 Turnover

The group's entire business is the publishing and sale of books, stationary and related applications, along with associated income.

It is the opinion of the directors that the disclosure of turnover by geographical market would be prejudicial to the interests of the company.

3 Operating profit

	Group £'000
This has been arrived at after charging:	
Depreciation	120
Amortisation of goodwill	4,946
Auditors' remuneration	
- audit	-
- audit of subsidiaries	55
- tax services	26
Foreign exchange loss	443
Operating lease costs (land and buildings)	431

4 Interest payable and similar charges

	£'000
Interest payable on bank loans and overdrafts	101
	101

5 Members' share of profits

Profits and losses are shared by the members at the end of the period in accordance with agreed profit and loss sharing arrangements governed by the Partnership Agreement. Members are required to make their own provision for pensions and other benefits from their profit shares.

	Number
Average number of members	2
	£'000
Average loss per member	3,432

JMWT Acquisition LLP

Notes forming part of the financial statements
for the period ended 30 June 2013 *(continued)*

6 Employees

	Group £'000
Staff costs consist of:	
Wages and salaries	3,326
Social security costs	376
Other pension costs	120
	3,822
	3,822
	Group 2013
The following numbers were employed at the year ends	
Book production	40
Sales and distribution	54
Administration	25
	119
	119

The average number of employees during the period was 115.

7 Intangible assets

	Goodwill on Consolidation £'000
LLP	
<i>Cost or valuation</i>	
Additions	32,972
	32,972
At 30 June 2013	32,972
<i>Amortisation</i>	
Provided for the year	4,946
	4,496
At 30 June 2013	4,496
	28,026
<i>Net book value at 30 June 2013</i>	28,026

JMWT Acquisition LLP

Notes forming part of the financial statements
for the period ended 30 June 2013 (*continued*)

8 Tangible assets

Group	Motor vehicles £'000	Leasehold improvements £'000	Office/Store fixtures and equipment £'000	Warehouse fixtures and equipment £'000	Website and digital software £'000	Total £'000
<i>Cost</i>						
At 2 Oct 2012	196	214	3,229	442	211	4,292
Exchange movements	7	16	46	-	-	69
Additions	-	-	43	-	119	162
Disposals	(191)	-	-	-	-	(191)
	<u>12</u>	<u>230</u>	<u>3,318</u>	<u>442</u>	<u>330</u>	<u>4,332</u>
At 30 June 2013						
<i>Depreciation</i>						
At 2 Oct 2012	(187)	(98)	(2,980)	(442)	-	(3,707)
Exchange movements	(6)	(8)	(42)	-	-	(56)
Depreciation charge for period	(3)	(20)	(94)	-	(3)	(120)
Disposals	191	-	-	-	-	191
	<u>(5)</u>	<u>(126)</u>	<u>(3,116)</u>	<u>(442)</u>	<u>(3)</u>	<u>(3,692)</u>
At 30 June 2013						
<i>Net book value</i>						
At 30 June 2013	<u>7</u>	<u>104</u>	<u>202</u>	<u>-</u>	<u>327</u>	<u>640</u>
At 2 Oct 2012	<u>9</u>	<u>116</u>	<u>249</u>	<u>-</u>	<u>211</u>	<u>585</u>

JMWT Acquisition LLP

Notes forming part of the financial statements
for the period ended 30 June 2013 (*continued*)

9 Fixed asset investments

	LLP £'000
Shares in Group undertakings:	
Additions	27,470
	<hr/>
At 30 June 2013	27,470
	<hr/>
Loans to Group undertakings:	
Additions	14,954
	<hr/>
At 30 June 2013	14,954
	<hr/>
Fixed asset investment at 30 June 2013	42,424
	<hr/>

The LLP invested £27,470,001 in 100% of the share capital of JMWT Topco Limited,

The principal undertakings in which the LLP's interest at the period end is 20% or more are as follows

Subsidiary

Name	Country of incorporation	Percentage of ownership	Principal activity
JMWT Topco Ltd	UK	100%	Holding company
JMWT Midco Ltd	UK	100%	Holding company
JMWT Ltd	UK	100%	Holding company
Phaidon Press Ltd	UK	100%	Book Publishing
Phaidon Sarl	France	100%	Sale of Books
Phaidon Verlag GmbH	Germany	100%	Sale of Books
Phaidon Press Inc	US	100%	Sale of Books
Phaidon KK	Japan	100%	Sale of Books
Phaidon Srl	Italy	100%	Sale of Books
Phaidon Pty	Australia	100%	Sale of Books
PH Art AG	Switzerland	100%	Design Services
Marylebone Retail Ltd	UK	100%	Retail

JMWT Acquisition LLP

Notes forming part of the financial statements
for the period ended 30 June 2013 (*continued*)

10 Acquisitions

Acquisition of Phaidon Press Limited

On 2nd October 2012 the group acquired Phaidon Press Limited for £41,000,000 paid by cash.

In calculating the goodwill arising on acquisition, the fair value of the net assets of Phaidon Press Limited have been assessed and no adjustments from book value have been necessary. The book value of the net assets acquired are summarised in the following table:

	Book value £'000
Fixed assets	
Tangible assets	585
Current assets	
Stock	12,701
Debtors	7,139
Cash at bank and in hand	250
	<hr/>
Total assets	20,675
Creditors	
Due within one year	(10,590)
Due after more than one year	(1,852)
	<hr/>
	(12,443)
	<hr/>
Net assets	8,233
	<hr/> <hr/>
	£'000
Cash consideration (including expenses £205,000)	41,205
Net assets acquired	8,233
	<hr/>
Goodwill arising on acquisition (see note 7)	32,972
	<hr/> <hr/>

JMWT Acquisition LLP

Notes forming part of the financial statements
for the period ended 30 June 2013 (*continued*)

10 Acquisitions (*continued*)

The results of Phaidon Press Limited prior to its acquisition were as follows:

Profit and loss account

	Current period up to acquisition £'000	Year ended 30 June 2012 £'000
Turnover	5,593	23,771
Operating profit	17	1,071
Net interest	-	(132)
Profit on ordinary activities before taxation	17	939
Taxation on profit from ordinary activities	(10)	165
Profit for the year	7	1,104

Statement of total recognised gains and losses

	£'000
Profit for the year	1,104
Currency translation differences on retranslation of net assets of subsidiary undertakings	(34)
Total recognised gains and losses for the year	1,070

Cash Flows

The net outflow of cash arising from the acquisition of Phaidon Press Limited was as follows:

	£'000
Cash consideration, as above	41,205
Cash acquired	(250)
Overdraft acquired	2,969
Net outflow of cash	43,924

JMWT Acquisition LLP

**Notes forming part of the financial statements
for the period ended 30 June 2013 (continued)**

11 Taxation

The consolidated financial statements do not include any charge or liability for taxation on the results of the LLP, as the relevant income tax is the responsibility of the individual members.

Corporate tax arises in the corporate subsidiaries as follows:

	2013 £'000
<i>Current taxation</i>	
UK corporation tax at 23.8%	
On profit for the year	-
Overprovision in prior periods	(3)
<i>Overseas taxation:</i>	
On profit for the year	33
Overprovision in prior periods	5
	35
Current tax charge for the year	35
<i>Deferred taxation</i>	
Charge for the year	(83)
	48
Total taxation for the year	48

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 23.8%. The differences are explained below:

	2013 £'000
Profit on ordinary activities before tax	(6,912)
	(1,645)
Tax charge at 23.8% thereon	(1,645)
<i>Effects of:</i>	
Non deductible goodwill amortisation	1,175
Expenses not allowable for tax purposes	134
Capital allowances less than depreciation	17
UK tax losses carried forward to future periods	224
Overseas tax losses carried forward	132
Foreign tax not expensed	25
Utilisation of tax losses brought forward	(3)
Utilisation of overseas tax losses	(3)
Other differences	(21)
	35
Current tax charge for year	35

JMWT Acquisition LLP

Notes forming part of the financial statements
for the period ended 30 June 2013 (*continued*)

12 Stock

	Group £'000	LLP £'000
Work in progress	1,197	-
Finished goods and goods for resale	10,123	-
	11,320	-
	11,320	-

There is no material difference between the replacement cost of stocks and the amounts stated above.

13 Debtors

	Group £'000	LLP £'000
Trade debtors	3,691	-
Unearned royalty advances	549	-
Other debtors	263	-
Corporation tax	59	-
Deferred tax (note 11)	261	-
Prepayments and accrued income	477	-
	5,300	-
	5,300	-

Other than deferred tax, all amounts shown under debtors fall due for payment within one year.

14 Creditors: amounts falling due within one year

	Group £'000	LLP £'000
Bank overdraft	1,923	-
Trade creditors	2,850	-
Royalties payable	326	-
Other creditors	187	-
Taxation and social security	157	-
Deferred Income	649	-
Accruals	639	-
Amounts due to related party (note 21)	2,111	-
	8,842	-
	8,842	-

JMWT Acquisition LLP

Notes forming part of the financial statements
for the period ended 30 June 2013 (*continued*)

15 Creditors: amounts falling due after more than one year

	Group 2013 £	LLP 2013 £
Other creditors	1,973	-
	1,973	-
	1,973	-

16 Members' interest

	Members' capital classified as debt £'000	Loss reserve £'000	Total £'000
Group			
Capital introduced	41,205	-	41,205
Loss for the financial year	-	(6,605)	(6,605)
	41,205	(6,605)	34,600
Members' interest at 30 June 2013	41,205	(6,605)	34,600

	Members' capital classified as debt £'000	Loans and Other debts due to members £'000	Total £'000
LLP			
Capital introduced	41,205	-	41,205
Profit for the financial year	-	1,219	1,219
	41,205	1,219	42,424
Members' interest at 30 June 2013	41,205	1,219	42,424

Capital is repayable in accordance with the terms set out in the Partnership Agreement.

Members' capital and other debts rank after unsecured creditors in the event of a winding up.

JMWT Acquisition LLP

Notes forming part of the financial statements
for the period ended 30 June 2013 (*continued*)

17 Partnership profit and loss account

The partnership has taken advantage of the exemption not to disclose the partnership profit and loss account. Included in the consolidated profit and loss account is a profit of £1,219,216 relating to the partnership.

18 Reconciliation of operating loss to net cash outflow from operating activities

	£'000
Operating loss	(6,811)
Amortisation of goodwill	4,946
Depreciation	120
Decrease in stock	1,380
Decrease in debtors	1,687
Increase in creditors	2,017
Foreign exchange adjustments	368
	<hr/>
Net cash inflow from operating activities	3,707
	<hr/> <hr/>

19 Reconciliation of net cash inflow to movement in net debt

	£'000
Increase in cash in the year	925
	<hr/>
Change in net debt resulting from cash flows	925
Cash acquired with subsidiary	250
Overdraft acquired with subsidiary	(2,969)
	<hr/>
Change in net debt	(2,719)
Opening net debt	-
	<hr/>
Closing net debt	(1,794)
	<hr/> <hr/>

JMWT Acquisition LLP

Notes forming part of the financial statements
for the period ended 30 June 2013 (*continued*)

20 Analysis of changes in net debt

	Cash flow £'000	Acquisitions £'000	At end Of period £'000
Cash and cash equivalents within one year:			
Cash at bank and in hand	(121)	250	129
Overdrafts	1,046	(2,969)	(1,923)
	<hr/>	<hr/>	<hr/>
Total	925	(2,719)	(1,794)
	<hr/>	<hr/>	<hr/>

21 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by JMWT Acquisition LLP on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

As at 30 June 2013 the Group has an amount of £2,110,561 due to PLB LLC, a related party (note 23).

22 Commitments under operating leases

The Group is committed to make the following payments during the next year in respect of operating leases for land and buildings:

	2014 £'000	2013 £'000
Operating leases which expire:		
Within one year	234	69
In two to five years	22	449
Over five years	306	-
	<hr/>	<hr/>
	562	518
	<hr/>	<hr/>

23 Ultimate controlling parties

At 30 June 2013 the ultimate controlling party was the Black Family 1997 Trust.

At 30 June 2013, the company's ultimate parent company was PLB LLC, a company registered in the United States of America, which owns a 99.9% interest in JMWT Acquisition LLP.

JMWT Acquisition LLP

Notes forming part of the financial statements
for the period ended 30 June 2013 (*continued*)

24 Post balance sheet events

On 24 October 2013 JMWT Limited, a wholly owned subsidiary, purchased 2,110 preference shares in Phaidon Press Limited with a nominal value of £0.001 each at a premium of £999.999 each. Amounts previously paid by JMWT Limited were used to subscribe for these new preference shares, which carry no fixed coupon or redemption date and no contractual right to dividends.