

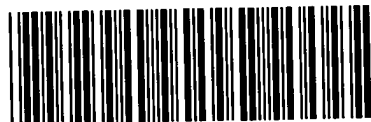
Company Registration No. 46694

SPRINGER NATURE HOLDINGS LIMITED
(formerly HM Publishers Holdings Limited)

Report and Financial Statements

31 December 2018

THURSDAY



A86L9ZS2

A15

30/05/2019

#341

COMPANIES HOUSE

REPORT AND FINANCIAL STATEMENTS 2018

CONTENTS	Page
General information	1
Strategic Report	2
Directors' Report	3
Statement of directors' responsibilities to the financial statements	5
Independent Auditors' Report to the members of Springer Nature Holdings Limited	6
Statement of Profit or Loss and Other Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	
1. Authorisation of financial statements and statement of compliance with IFRS	12
2. Summary of significant accounting policies	12
3. Other income and expenses	20
4. Staff costs and Directors' emoluments	20
5. Income tax	21
6. Dividends paid	22
7. Property, plant and equipment	22
8. Right of use assets	22
9. Investments	23
10. Trade and other receivables	24
11. Cash and cash equivalents	24
12. Issued share capital and reserves	24
13. Deferred Tax	24
14. Trade and other payables	25
15. Commitments and contingencies	25
16. Related party disclosures	26
17. Financial risk management objectives and policies	32

GENERAL INFORMATION

DIRECTORS

R E Jacobs
S C Inchcoombe
G M Williams Hamer

(Appointed 23 July 2018)

SECRETARY

G M Williams Hamer

REGISTERED OFFICE

The Campus
4 Crinan Street
London
N1 9XW

BANKERS

National Westminster Bank
3 London Street
Basingstoke
Hampshire
RG21 7NS

SOLICITORS

Taylor Wessing
5 New Street Square
London
EC4A 3TW

AUDITORS

Ernst & Young LLP
Apex Plaza
Reading
RG1 1YE

STRATEGIC REPORT

Business review

The principal activity is that of a sub holding company.

The directors have reviewed and considered business risks relating to Springer Nature Holdings Limited ("the Company"). At this time they do not consider that there are any risks solely in relation to the Company.

On an annual basis the directors review the financial statements. The directors continually assess the performance of the Company and the financing structure of the entity.

Results for the year

The Company profit for the year after taxation amounted to £1,344,000 (2017: £47,864,000).

Income Tax

An analysis of the income tax charge is set out in note 5 to the financial statements. The income tax charge as a percentage of profit on ordinary activities before income tax was 22.8% in the current year (2017: credit of 0.9%).

Dividends

Interim ordinary dividend paid for the year to 31 December 2018 was £nil (2017: £46,372,000). The directors do not recommend the payment of a final dividend (2017: £nil).

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



R E Jacobs
Director

16 May 2019

DIRECTORS' REPORT

Company Registration No 46694

The directors present their report and Company financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the Company is to act as a sub holding company.

Directors and their interests

The directors holding office during the year are shown on page 1.

During the year no director, or their spouses or dependent children, has held any interest in the shares of the Company.

The Company has indemnified one or more directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Company's Articles of Association. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report.

Liquidity and capital resources

The Company is reliant upon the continued financial support of Group companies which have confirmed their intention to provide the necessary support. The directors have therefore prepared the financial statements on a going concern basis.

The cash flow statement shows £1,298,000 decrease in cash and cash equivalents in the year ended 31 December 2018 (2017: £1,532,000 increase). Dividends of £nil were paid to the Company's shareholders (2017: £46,372,000).

Asset and capital structure

Equity and gearing

The Company has no external debt.

Company policy is to arrange longer term Company borrowing requirements through the Company's immediate and ultimate holding companies. The Company operates within borrowing limits imposed by the banking covenants at the level of the Company's ultimate holding company.

Financial instruments

The Company's financial risk management objectives and policies are discussed in note 17.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Change of name

On 31 May 2018 the Company changed its name from HM Publishers Holdings Ltd to Springer Nature Holdings Ltd.

DIRECTORS' REPORT (continued)

Corporate responsibility

As a member of the Springer Nature group, the Company recognises its responsibilities towards the communities it works with and works in, worldwide. The Company considers compliance with the laws and regulations that impact our business to be an essential part of acting responsibly. Where local laws are less restrictive than Springer Nature's Code of Conduct and Global Policies, Springer Nature expects its employees and other representatives to follow Springer Nature's Code of Conduct and Global Policies even if the conduct would otherwise be legal. Working at Springer Nature means respecting the individual, embracing diversity, equality of opportunity, prohibiting discrimination and maintaining healthy and safe working conditions. The Company recognises its responsibility towards protecting the environment. The Company has identified its material environmental impacts and is monitoring these. The Company is a member of the Book Chain Project, which supports publishers in understanding the origins of, and forest-management practices for, the wood fibre used in papers and boards. The Company expects high standards of corporate responsibility from its business partners, and undertakes audits to verify that appropriate standards are adhered to by its suppliers. Further details on Springer Nature's responsible business strategy and reporting, including its Responsible Business report, its Business Partner Code of Conduct, Modern Slavery Act statement and UK Gender Pay Gap report can be accessed at www.springernature.com/responsiblebusiness

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

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



R E Jacobs
Director

16 May 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Report and Financial Statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and loss for that period.

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

- select suitable accounting policies in accordance with IAS8 "Accounting policies, changes in accounting estimates and errors" and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; 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 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. They 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 the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPRINGER NATURE HOLDINGS LIMITED

Opinion

We have audited the financial statements of Springer Nature Holdings Limited for the year ended 31 December 2018 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPRINGER NATURE HOLDINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Kevin Harkin (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading

17 May 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Continuing operations			
Other income	3	7,110	7,804
Depreciation and amortisation expense	3	(2,737)	(182)
Other expenses	3	(393)	(4,129)
		<hr/>	<hr/>
Operating profit		3,980	3,493
Income from investments:			
Dividends received	6	-	47,555
Finance income	3	3,388	492
Finance costs	3	(5,627)	(4,103)
		<hr/>	<hr/>
Profit before tax		1,741	47,437
Income tax	5	(397)	427
		<hr/>	<hr/>
Profit for the year		<u>1,344</u>	<u>47,864</u>
Other comprehensive income		<hr/> -	<hr/> -
Total comprehensive income		<u>1,344</u>	<u>47,864</u>

STATEMENT OF FINANCIAL POSITION
at 31 December 2018

ASSETS	Note	2018 £'000	2017 £'000
Non-current assets			
Property, plant and equipment	7	3,432	3,534
Right of use assets	8	24,154	-
Investment in subsidiaries	9	43,764	43,764
Deferred tax asset	13	33	27
		<u>71,383</u>	<u>47,325</u>
Current assets			
Trade and other receivables	10	162,962	154,360
Income tax receivable	5	293	283
Cash and cash equivalents	11	320	1,617
		<u>163,575</u>	<u>156,260</u>
TOTAL ASSETS		<u><u>234,958</u></u>	<u><u>203,585</u></u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	12	772	772
Share Premium		76,789	76,789
Retained earnings		24,589	23,245
TOTAL EQUITY		<u>102,150</u>	<u>100,806</u>
Non-current liabilities			
Other non-current liabilities	14	912	864
Lease liabilities	8	27,355	-
		<u>28,267</u>	<u>864</u>
Current liabilities			
Trade and other payables	14	101,852	101,915
Lease liabilities	8	2,689	-
TOTAL LIABILITIES		<u>132,808</u>	<u>102,779</u>
TOTAL EQUITY AND LIABILITIES		<u><u>234,958</u></u>	<u><u>203,585</u></u>

These financial statements were approved by the Board of Directors on 16 May 2019

Signed on behalf of the Board of Directors.



R E Jacobs
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

2018	Issued capital £'000	Share premium £'000	Retained Earnings £'000	Total Equity £'000
At 1 January 2018	772	76,789	23,245	100,806
Profit for the year	-	-	1,344	1,344
Total comprehensive income	-	-	1,344	1,344
Dividends	-	-	-	-
At 31 December 2018	772	76,789	24,589	102,150

2017

At 1 January 2017	772	76,789	21,753	99,314
Profit for the year	-	-	47,864	47,864
Total comprehensive income	-	-	47,864	47,864
Dividends	-	-	(46,372)	(46,372)
At 31 December 2017	772	76,789	23,245	100,806

STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
Operating profit		3,980	3,493
(Increase) /decrease in accounts receivable		(8,602)	771
Decrease in accounts payable less than one year		(63)	(349)
Increase in accounts payable more than one year		48	38
Depreciation charges		2,737	182
Income tax paid		(413)	(174)
Net cash flows from operating activities		(2,313)	3,961
Cash flows from investing activities			
Interest received		3,388	492
Dividends received from subsidiaries		-	47,555
Net cash flows from investing activities		3,388	48,047
Cash flows used in financing activities			
Interest paid		(5,627)	(4,103)
Change in finance lease liability		3,254	-
Dividends paid to equity holders of the parent		-	(46,372)
Net cash flows used in financing activities		(2,373)	(50,475)
Net (decrease) /increase in cash and cash equivalents		(1,298)	1,532
Cash and cash equivalents at 1 January	11	1,617	85
Cash and cash equivalents at 31 December	11	320	1,617

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

1. Authorisation of financial statements and statement of compliance with IFRSs

The financial statements of the Company for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 16 May 2019. The Company is a limited company incorporated in England.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Standards Accounting Board and as adopted by the European Union.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards and in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Company are set out in note 2.

The Company is exempt from preparing Group financial statements under Section 400 of the Companies Act 2006. The financial statements present information about the Company as an individual undertaking and not about its group.

The parent company of the smallest group into which the results of the Company are consolidated is Springer Nature AG & Co. KGaA, Berlin, a company registered in Germany.

2. Summary of significant accounting policies

Statement of compliance

The Company's accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Standards Accounting Board and as adopted by the European Union.

Basis of preparation

The financial statements are presented in GBP sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

Going concern

The going concern basis of preparing the financial statements has been adopted as in the view of the directors the Company has adequate resources to continue in operational existence for the foreseeable future.

Fixed assets

Assets (and disposal groups) held for sale:

Non-current assets and disposal groups are classified as held for sale only if available for immediate sale in their present condition; a sale is highly probable and expected to be completed within one year from the date of classification. Such assets are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated or amortised.

Investments

All investments are recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the Cash Flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income or finance expense.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

Revenue

In 2017, revenue was recognised when the significant risks and rewards of ownership of the goods or services were transferred to the customer, the sales price was determinable and receipt of payment could be assumed. In 2018, revenue is recognised based on IFRS 15 - Revenue from contracts with customers. Revenue arises from the provision of products and services under contracts with customers. In all cases, revenue is recognised with fulfilment of the underlying performance obligation at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, and is recognised when the customer obtains control of the goods or services. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues on a time proportion basis, taking into account the effective yield on the asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

Leases

Under IAS 17, the determination of whether an arrangement is (or contains) a lease was based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement was dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

A lease was classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company was classified as a finance lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognised in finance costs in the statement of profit or loss. A leased asset was depreciated over the useful life of the asset. However, if there was no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset was depreciated over the shorter of the estimated useful life of the asset and the lease term. An operating lease was a lease other than a finance lease. Operating lease payments were recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

Leases (continued)

With the first-time application of IFRS 16, as of 1 January 2018, at inception, the Company assesses whether a contract represents or contains a lease. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Company obtains substantially all the economic benefits from the use of the asset and whether the Company has the right to direct the use of the asset. The Company has elected not to separate lease and non-lease components for lease of vehicles. The Company recognises a right-of-use asset and a lease liability at the commencement of the lease. The right-of-use asset is initially measured based on the present value of lease payments plus initial direct costs and the costs of obligations to refurbish the asset, less any incentives received. The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The right-of-use asset is subject to testing for impairment if there is an indicator for impairment. Lease payments generally include fixed payments and variable payments that depend on an index (such as an inflation index). When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the additional lease payments (extension option) or purchase price payments (purchase option) are included in the lease payments. The Company has elected not to recognise right-of-use assets and liabilities for leases of other equipment where the total lease term is less than or equal to 12 months, or for low value leases. The payments for such leases are recognised in the profit or loss on a straight-line base over the term of the lease.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified as subsequently measured at Amortised Cost (AC), Fair Value Through Other Comprehensive Income (FVTOCI), and Fair Value Through Profit or Loss (FVTPL). (2017: FVTPL, Loans and Receivables (LAR) or Available for Sale (AFS)). The Company determines the classification of its financial assets at initial recognition.

With the application of IFRS 9, the classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the statement of profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at AC or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Subsequent Measurement

Financial assets are designated as financial assets at AC (debt instruments), if (a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at AC are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains or losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired or when there is a change in cash flow projections.

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through the statement of profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through the statement of profit or loss, irrespective of the business model.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

Financial Assets (continued)

Subsequent Measurement (continued)

In 2017, under IAS 39 at Springer Nature, the category of financial assets at FVTPL consists of derivatives that are not designated as hedging instruments. They were reported in the statement of financial position under other assets. Financial assets at FVTPL were carried in the statement of financial position at fair value with changes in fair value recognised in other financial expense or other financial income in the statement of profit or loss.

Loans and receivables (LAR) were financial assets with fixed or determinable payments that are not quoted in an active market and were neither classified as held-for-trading nor as AFS. The category included the Company's trade receivables, loans to employees, as well as long-term loans and other current assets. After initial measurement, the loans and receivables had been subsequently measured at amortised cost using the effective interest rate method less any impairment losses, if necessary.

Derecognition

A financial asset is derecognised when one of the following conditions has been fulfilled:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of Financial Assets

The Company recognises an allowance for expected credit losses for all debt instruments not held at FVTPL. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default. If a customer has become insolvent or other circumstances indicate default, the corresponding receivables are written off in full.

For trade receivables, Springer Nature applies a simplified approach in calculating ECLs by recognising a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Prior to 2018 and the implementation of IFRS 9, the Company assessed at each reporting date whether there had been any objective evidence that a financial asset or a group of financial assets was impaired. A financial asset or a group of financial assets was deemed to be impaired if there had been objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors were experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicates that there has been a measurable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with defaults.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

Financial Assets (continued)

Impairment of Financial Assets (continued)

For LAR, the Company first assessed whether objective evidence of impairment exists individually for financial assets that were individually significant or collectively for financial assets that were not individually significant. If the Company determines that no objective evidence of impairment existed for an individually assessed financial asset, whether significant or not, it has included the asset in a group of financial assets with similar credit risk characteristics and collectively assessed them for impairment. Assets that had been individually assessed for impairment and for which an impairment loss was or continued to be recognised have not been included in a collective assessment of impairment. If there was objective evidence that an impairment loss had been incurred, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows was discounted at the financial asset's original effective interest rate. If a loan had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings or payables. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, and derivative financial instruments that are not designated as hedging instruments.

Subsequent Measurement

Financial liabilities at FVTPL include financial liabilities designated upon initial recognition as at FVTPL. These include derivative financial instruments that are not designated as hedging instruments. Gains or losses from the subsequent measurement are recognised in the statement of profit or loss.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at AC using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised, as well as through the effective interest rate amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

New and amended Standards adopted in the period

The Company has adopted the following new and amended IFRS and IFRIC standards and interpretations during the year, mandatory as at 1 January 2018 unless otherwise stated.

The impact on the Company's financial statement of the application of the new accounting standard IFRS 16 Leases is summarised below. Several other amendments and interpretations apply for the first time in 2018 as well, but do not have a material impact on the financial statements of the Company. Except for the early adoption of IFRS 16 as at 1 January 2018, the Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

New and amended Standards adopted in the period (continued)

Statement of financial position Opening balance 01.01.2018 in £'000	31.12.2017	IFRS 16 first time application	01.01.2018
Right-of-use assets	-	26,779	26,779
Non-current assets			
Retained earnings	23,245	-	23,245
Equity			
Lease liabilities	-	30,034	30,034
Long-term provisions and non-current liabilities			
Lease liabilities	-	2,582	2,582
Deferred income	-	(5,837)	(5,837)
Short-term provisions and current liabilities			

IFRS 16 Leases

The Company adopted the new standard as at 1 January 2018 using the modified retrospective approach. IFRS 16 replaces IAS 17 (Leases) and associated interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The Company defines office space and other (mainly company cars and office equipment) as classes of assets and applies the short-term lease exemption (for leases with a term of 12 months and less) and low value lease exemption for lease of office other equipment, as well as the exemption to combine lease and non-lease components into a single lease component for all leases over underlying assets to be included in these classes of assets.

The new rules affected in particular the accounting and measurement of rental and leasing contracts, which were classified as operating leases under IAS 17. These mainly comprise of leased office space, leased cars and other leased office equipment, which lead to the recognition of respective right-of-use assets and corresponding leasing liabilities resulting in an increase of the total asset/liability figure at first time application.

Based on the transition to IFRS 16, right-of-use assets and leasing liabilities of £26.8m were recognised as at 1 January 2018. The Group recognises the lease liabilities at the net present value of the remaining lease payments and corresponding right-of-use assets, adjusted for accrued costs for that lease. The comparative figures for earlier periods were not adjusted. The transition to IFRS 16 had no impact on the equity and the net deferred tax position of the Group as of transition date.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Revenue is recognised when the customer obtains control over the goods or services. At contract inception, the standard requires that all promised goods and services are assessed and the performance obligation is identified. IFRS 15 also contains guidance on the presentation of contract assets and contract liabilities. The Company adopted IFRS 15 as at 1 January 2018 using the modified retrospective method of adoption. However, since the Company does not have any trade revenue and only reports Other Income relating the rental and intercompany recharges the impact of adoption was considered to be minimal. Comparative information was not restated and continues to be reported under IAS 18 and related interpretations.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

New and amended Standards adopted in the period (continued)

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Company applied IFRS 9 as at 1 January 2018 using the modified retrospective approach, thus comparative figures have not been adjusted.

IFRS 9 provides a standardized approach for classification and valuation of financial assets and liabilities which is focused on the company's business model and the cash flows of the financial instrument.

Modifications or exchanges of financial liabilities that do not result in derecognition

IFRS 9 changes the accounting for a modification or exchange of a financial liability measured at amortised cost that does not result in the derecognition of the financial liability. When contractual cash flows of a financial liability are renegotiated or otherwise modified and the modification does not result in the derecognition of the financial liability, IFRS 9 requires the Company to recalculate the carrying amount of the financial liability as the present value of the modified contractual cash flows that are discounted at the financial liability's original effective interest rate. Any adjustment to the amortised cost of the financial liability arising from such a modification is recognised in profit or loss at the date of the modification.

Impairment

The adoption of IFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit and loss (FVTPL). For trade receivables that do not contain a significant financing component, the loss allowance should be measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL. The Company considers a financial asset in default when contractual payment are 90 days past due. Receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 360 days past due.

Hedge accounting

The Company does not apply hedge accounting. Consequently, the hedge accounting rules of IFRS 9 do not have an impact on the Company's financial statements.

Annual Improvements 2015-2017 Cycle (issued in December 2017)

These improvements include:

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12 Income Taxes

The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

These amendments do not have any impact on the Company.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

2. Summary of significant accounting policies (continued)

Standards issued but not yet effective

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes under IAS 12 when there is uncertainty over income tax treatments. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Company intends to apply the interpretation from its effective date but does not expect any material impact on the tax positions.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract, and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted.

These amendments have no impact on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

3. Other income and expenses

	Note	2018 £'000	2017 £'000
Other income			
Income from related parties	16	7,004	7,689
Gain on disposal of property, plant and equipment		-	-
Other		106	115
		<u>7,110</u>	<u>7,804</u>
Depreciation and amortisation expense			
Depreciation of tangible fixed assets	7, 8	<u>(2,737)</u>	<u>(182)</u>
		<u>(2,737)</u>	<u>(182)</u>
Other expenses			
Administration expenses		(161)	(130)
Rent and lease expenses		(254)	(3,885)
Expenses from related parties	16	-	(20)
Losses from currency translation		22	(94)
		<u>(393)</u>	<u>(4,129)</u>
Finance revenue			
Interest receivable from related parties	16	<u>3,388</u>	<u>492</u>
Finance costs			
Interest payable to related parties	16	(4,265)	(4,064)
Lease interest payable		(1,314)	-
Interest on reinstatement provision		(48)	(39)
		<u>(5,627)</u>	<u>(4,103)</u>

Part of the cost of audit of the Company was borne by another Group company.

4. Staff costs and Directors' emoluments

Directors are paid by other group companies for their qualifying services provided to the Company itself and its subsidiaries. As required by the Companies Act 2006, we disclose the remuneration relevant to the directors' qualifying services provided to the Company and its subsidiaries.

For the year ended 31 December 2018, total relevant emoluments were £ 1,217,763 with an amount of £110,610 contributed to a defined contribution pension scheme for the directors. Both directors contributed to the defined contribution pension scheme.

The emoluments in respect of the highest paid director were £665,265 with contributions paid to a defined contribution pension scheme on their behalf being £74,910.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

5. Income Tax

(a) Tax on profit on ordinary activities

Major components of income tax expense for the years ended 31 December 2018 and 2017 are:

Income Statement	2018 £'000	2017 £'000
Current income tax:		
Current income tax credit/(charge)	(368)	17
Adjustments in respect of current income tax of previous years	99	12
Foreign tax suffered	(134)	(172)
Total current income tax	(403)	(143)
Deferred tax:		
Relating to origination and reversal of temporary differences	6	-
Relating to prior year	-	570
Total deferred income tax	6	570
Tax credit/(charge) in the income statement	(397)	427

(b) Reconciliation of the total tax charge

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 31 December 2018 and 2017 is as follows:

	2018 £'000	2017 £'000
Accounting profit before income tax	1,741	47,437
At UK statutory income tax rate of 19% (2017: 19.25%)	331	9,131
Income not subject to corporation tax	-	(9,154)
Expenses not deductible for tax purposes	134	187
Changes in temporary differences	8	-
Prior year adjustments	(97)	(570)
Other	21	(21)
At effective income tax rate of 22.8% (2017 -0.9%)	397	(427)

Factors that may affect future tax charges:

No deferred income tax is recognised on the unremitted earnings of overseas subsidiaries, as the Company considers that no temporary difference exists on which a liability may be provided.

In the 2016 Budget, the Chancellor announced a further reduction in the main rate of UK corporation tax to 17% from 1 April 2020, and this was substantively enacted in September 2016. No further changes were announced in the 2018 Budget. Deferred tax has been calculated using a rate of 17% as this is the substantively enacted rate at which it was expected that temporary differences would reverse at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

6. Dividends paid

	2018 £'000	2017 £'000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Interim dividend paid for 2018: nil per share (2017: £60.04 per share)	-	46,372

7. Property, plant and equipment

31 December 2018

	Land and buildings £'000
Cost	
At 1 January 2018	10,404
Additions	-
Cost at 31 December 2018	10,404
Accumulated depreciation	
At 1 January 2018	(6,870)
Charge for year	(102)
Depreciation at 31 December 2018	(6,972)
Net book value	
Net book value at 31 December 2018	3,432
Net book value at 1 January 2018	3,534

8. Right of Use Assets

31 December 2018	Right of Use Office Space £'000	Right of Use Other £'000	Total £'000
Cost			
At 1 January 2018	-	-	-
First time adoption of IFRS 16	26,705	74	26,779
Additions	-	11	11
At 31 December 2018	26,705	85	26,790
Accumulated depreciation			
At 1 January 2018	-	-	-
Charge for the year	(2,584)	(51)	(2,636)
At 31 December 2018	(2,584)	(51)	(2,636)
Net book value			
At 31 December 2018	24,120	34	24,154
At 31 December 2017	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

8. Right of Use Assets (continued)

Long term and short-term leasing liabilities breakdown into different leasing categories as follows:

Lease liability	Non-current £'000	Current £'000
Office space	27,341	2,669
Other	14	20
Carrying amount as at 31 December 2018	<u>27,355</u>	<u>2,689</u>

Lease payments	Nominal value £'000	Discounted amount £'000	Present value £'000
Less than 1 year	3,893	1,204	2,689
1 to 5 years	14,914	3,654	11,260
More than 5 years	17,788	1,693	16,095
Total lease payments as at 31 December 2018	<u>36,595</u>	<u>6,551</u>	<u>30,044</u>

9. Investments

	2018 £'000	2017 £'000
Shares at cost at 1 January	<u>43,764</u>	<u>43,764</u>
Shares at cost at 31 December	<u>43,764</u>	<u>43,764</u>
Net book value at 31 December	<u>43,764</u>	<u>43,764</u>
Net book value at 1 January	<u>43,764</u>	<u>43,764</u>

See note 15 for list of subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

10. Trade and other receivables

	Note	2018 £'000	2017 £'000
Current			
Other receivables and prepayments		1,219	448
Other related parties	16	161,743	153,912
		<u>162,962</u>	<u>154,360</u>

Of the related party balance of £161.7m, £101.7m is due from Springer Nature Limited, is repayable on demand and has an interest rate of 3 month libor plus 2.5%. £9.2m is due from Springer Nature Three GmbH under an intercompany cash pooling arrangement, is repayable on demand and has an approximate interest rate of 1 month LIBOR plus 0.25%. £50m relates to a prepayment, the terms of which are governed by an asset-backed funding agreement to address the Macmillan Group pension scheme deficit.

11. Cash and cash equivalents

For the purposes of the Cash Flow, cash and cash equivalents comprise the following at 31 December:

	2018 £'000	2017 £'000
Cash at bank and in hand	320	1,617

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents are £320,000 (2017: £1,617,000).

12. Issued share capital

	Number	£'000
Allotted, called up and fully paid:		
31 December 2018		
Ordinary shares of £1 each		
At 1 January and 31 December 2018	772,376	772
31 December 2017		
Ordinary shares of £1 each		
At 1 January and 31 December 2017	772,376	772

13. Deferred Tax

The analysis by category of deferred tax included in the balance sheet is as follows:

	2018 £'000	2017 £'000
Deferred tax liability/(asset)		
Accelerated capital allowances/ (depreciation)	(33)	(27)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

14. Trade and other payables

	Note	2018	2017
		£'000	£'000
Current			
Other related parties	15	100,660	96,466
Other payables and accruals		1,192	5,449
		<u>101,852</u>	<u>101,915</u>
Non-current			
Other payables and accruals	15	912	864
Lease liabilities	8	27,355	-
		<u>27,355</u>	<u>-</u>

The Company has made provision for office space that is vacant with regards to operating leases where it had a commitment.

15. Commitments and contingencies

Capital Commitments

At 31 December 2018, Springer Nature Holdings Limited has no capital commitments (2017: £Nil) contracted for but not provided in the financial statements.

Guarantees

Springer Nature Holdings Limited has no contingent liabilities at 31 December 2018 (2017: £Nil).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

16. Related party disclosures

a) Subsidiary undertakings

At 31 December the following companies were principal subsidiaries:

		Country of incorporation/ registration	Class of share	Proportion of voting rights held by the Group	
				2018	2017
Springer Nature (UK) Limited (formerly Macmillan Ltd)	1	England and Wales	Ordinary	100.00%	100.00%
Springer Nature Limited (formerly Macmillan Publishers Limited)		England and Wales	Ordinary	100.00%	100.00%
Macmillan Publishers Holdings Limited		England and Wales	Ordinary	100.00%	100.00%
Macmillan (SLP) General Partner Limited	1	England and Wales	Ordinary	100.00%	100.00%
Macmillan Magazines Limited		England and Wales	Ordinary	100.00%	100.00%
Macmillan Pension Plan Limited		England and Wales	Ordinary	100.00%	100.00%
Macmillan Subscriptions Limited		England and Wales	Ordinary	100.00%	100.00%
Springer Nature Two Limited		England and Wales	Ordinary	100.00%	100.00%
Macmillan Scottish Limited Partnership		Scotland	Ordinary	100.00%	100.00%
Macmillan Iberia S.A.		Spain	Ordinary	100.00%	100.00%
Macmillan Polska Sp. Z.o.o.		Poland	Ordinary	100.00%	100.00%
College Press Netherlands B.V.		Netherlands	Ordinary	100.00%	100.00%
Springer Nature America, Inc. (formerly Nature America, Inc.)		USA	Ordinary	100.00%	100.00%
Springer Nature Academic Publishing, Inc. (formerly Macmillan Academic Publishing, Inc)		USA	Ordinary	100.00%	100.00%
Rednova Learning Inc		USA	Ordinary	100.00%	100.00%
Macmillan Botswana Publishing Company (Pty) Limited		Botswana	Ordinary	100.00%	100.00%
Macmillan Boleswa Publishers (Lesotho) (Pty) Limited		Lesotho	Ordinary	100.00%	100.00%
Macmillan Education Eswatini (Proprietary) Limited		Eswatini	Ordinary	100.00%	100.00%
Macmillan Eswatini National Publishers Proprietary Limited		Eswatini	Ordinary	70.00%	70.00%
Macmillan Boleswa Publishers (Pty) Limited		Eswatini	Ordinary	100.00%	100.00%
Macmillan Education Namibia Publishers (Pty) Limited		Namibia	Ordinary	100.00%	100.00%
Edumeds (Pty) Limited		Namibia	Ordinary	100.00%	100.00%
Edumeds (Rundu) (Pty) Limited		Namibia	Ordinary	100.00%	100.00%
Namibia Educational Services (Proprietary) Limited		Namibia	Ordinary	100.00%	100.00%
Namibia Publishing House (Proprietary) Limited		Namibia	Ordinary	100.00%	100.00%
Macmillan South Africa (Pty) Limited	2	South Africa	Ordinary	75.00%	75.00%
Macmillan Educacao Mozambique Ltda		Mozambique	Ordinary	80.00%	80.00%
Editora Nacional de Mocambique		Mozambique	Ordinary	80.00%	80.00%
Macmillan Science and Education Australia Pty Limited		Australia	Ordinary	100.00%	100.00%
Macmillan Publishers India Private Limited	1	India	Ordinary	99.04%	99.04%
Macmillan Publishers (China) Limited		Hong Kong	Ordinary	100.00%	100.00%
Macmillan Information Consulting Services (Shanghai) Co. Limited		China	Ordinary	100.00%	100.00%
Macmillan Publishers India (Private) Limited	1	India	Ordinary	100.00%	100.00%
Macmillan Language House Limited		Japan	Ordinary	100.00%	100.00%
Nature Japan K.K.		Japan	Ordinary	100.00%	100.00%
Macmillan Korea Publishers Limited		South Korea	Ordinary	100.00%	100.00%
Macmillan Taiwan Limited		Taiwan	Ordinary	100.00%	100.00%
Macmillan Publishers (Thailand) Limited	1	Thailand	Ordinary	100.00%	100.00%

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

16. Related party disclosures (continued)

a) Subsidiary undertakings (continued)

	Country of incorporation/ registration	Class of share	Proportion of voting rights held by the Group	
Macmillan Publishers, S.A. de C.V.	Mexico	Ordinary	100.00%	100.00%
Ediciones Castillo S.A. de C.V.	Mexico	Ordinary	100.00%	100.00%
Macmillan Administracion Corporativa, SA de CV	Mexico		100.00%	100.00%
Macmillan Publishers S.A.	Peru	Ordinary	95.00%	95.00%
Macmillan do Brasil Editora, Comercializadora, Importadora e Distribuidora Ltda	Brazil	Ordinary	100.00%	100.00%
Macmillan Publishers S.A.	Argentina	Ordinary	100.00%	100.00%
Editorial Puerto de Palos S.A.	Argentina	Ordinary	100.00%	100.00%
Editorial Estrada S.A.	Argentina	Ordinary	100.00%	100.00%
Macmillan Publishers S.A.S.	Colombia	Ordinary	100.00%	100.00%
Macmillan Publishers Egypt Limited	Egypt	Ordinary	100.00%	100.00%
Kawkab Distribution Limited	Egypt	Ordinary	98.00%	98.00%

Notes

- 1 Shares held directly by the Company. All other shares are held wholly or partly by subsidiary undertakings.
- 2 The 25% minority held in the South Africa entity relates to obligations under the black economic empowerment rules in South Africa.

The principal activity of the above subsidiaries is the publishing of books and periodicals.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

16. Related party disclosures (continued)

(b) Associated Undertakings

The following companies were considered to be associated undertakings:

	Country of Incorporation/ Registration	Class of share	Proportion of shares held by the Group as at 31 December	
			2018	2017
College Press Publishers (Pvt) Limited	Zimbabwe	Ordinary	48.91%	48.91%
Ediciones Bilingues SL	Spain	Ordinary	50.00%	50.00%
Nikkei Science Inc	Japan	Ordinary	50.00%	50.00%
Inchi Trust Limited	England and Wales	Ordinary	50.00%	50.00%

All shares in the entities above are held by subsidiary undertakings.

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year:

	Income from related parties	Expenses with related parties	Interest received from related parties	Interest paid to related parties	Amounts owed from related parties	Amounts owed to related parties
<i>Related party</i>	£'000	£'000	£'000	£'000	£'000	£'000
Immediate holding company:						
Springer Nature Publishers Holdings Limited (formerly Holtzbrinck Publishers Holdings Limited)						
2018	-	-	-	(1,410)	-	57,400
2017	-	-	-	(1,226)	-	55,990
Fellow undertakings:						
Springer Nature Limited (formerly Macmillan Publishers Limited)						
2018	5,602	-	3,095	-	151,729	2,442
2017	6,160	-	-	-	148,916	-
Macmillan Publishers Holdings Limited						
2018	-	-	-	-	-	-
2017	-	-	-	-	-	27
Springer Nature (UK) Limited (formerly Macmillan Ltd)						
2018	-	-	-	-	-	-
2017	-	-	-	-	-	-
Macmillan Publishers Egypt Ltd						
2018	21	-	-	-	62	-
2017	21	-	-	-	55	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

16. Related party disclosures (continued)

		Income from related parties	Expenses with related parties	Interest received from related parties	Interest paid to related parties	Amounts owed from related parties	Amounts owed to related parties
<i>Related party</i>		£'000	£'000	£'000	£'000	£'000	£'000
Macmillan Publishers India Private Limited							
	2018	98	(12)	83	-	91	32
	2017	143	-	476	-	529	32
Macmillan Scottish Limited Partnership							
	2018	-	-	-	(2,855)	-	40,785
	2017	-	-	-	(2,823)	-	40,364
Springer Nature Three GmbH (formerly Springer Science+Business Media GmbH)							
	2018	-	-	210	-	9,234	-
	2017	-	-	16	(16)	3,489	-
Stampdew Limited							
	2018	249	-	-	-	-	-
	2017	419	-	-	-	-	-
Macmillan Botswana Publishing Company (Pty) Ltd							
	2018	2	-	-	-	2	-
	2017	3	-	-	-	3	-
Macmillan Boleswa Publishers (Lesotho) (Pty) Ltd							
	2018	2	-	-	-	2	-
	2017	5	-	-	-	5	-
Macmillan South Africa (Pty) Ltd							
	2018	102	-	-	-	102	-
	2017	98	-	-	-	98	-
Macmillan Education Eswatini (Proprietary) Limited (formerly Macmillan Education Swaziland (Pty) Ltd)							
	2018	13	-	-	-	28	-
	2017	8	-	-	-	15	-
Macmillan Language House Ltd							
	2018	18	-	-	-	-	-
	2017	21	-	-	-	21	-
Macmillan Science and Education Australia Pty Ltd							
	2018	40	-	-	-	40	-
	2017	45	-	-	-	110	-
Macmillan Polska Spolka Z.o.o							
	2018	50	-	-	-	50	-
	2017	44	-	-	-	44	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

16. Related party disclosures (continued)

		Income from related parties £'000	Expenses with related parties £'000	Interest received from related parties £'000	Interest paid to related parties £'000	Amounts owed from related parties £'000	Amounts owed to related parties £'000
Macmillan Iberia SA	2018	291	-	-	-	-	-
	2017	292	-	-	-	284	-
Ediciones Castillo, SA de C.V.	2018	95	-	-	-	-	-
	2017	80	-	-	-	8	8
Macmillan Publishers, SA de C.V.	2018	171	-	-	-	-	-
	2017	158	-	-	-	16	16
Editorial Estrada S.A.	2018	38	-	-	-	92	-
	2017	16	-	-	-	54	-
Editorial Puerto de Palos SA	2018	32	-	-	-	79	-
	2017	15	-	-	-	48	-
Macmillan Publishers SA (Argentina)	2018	30	-	-	-	74	-
	2017	20	-	-	-	43	-
Macmillan do Brasil Editora, Comercializadora, Importadora e Distribuidora Ltda.	2018	77	-	-	-	83	-
	2017	108	-	-	-	116	-
Macmillan Publishers S.A.S (Colombia)	2018	16	-	-	-	16	-
	2017	8	-	-	-	8	-
Macmillan Publishers SA (Peru)	2018	42	-	-	-	-	-
	2017	32	-	-	-	10	10
Others	2018	15	(16)	-	-	60	-
	2017	7	(11)	-	-	40	19
Total:	2018	7,004	(28)	3,388	(4,265)	161,743	100,660
	2017	7,689	(20)	429	(4,064)	153,912	96,466

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

16. Related party disclosures (continued)

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made at normal market prices. Outstanding balances at year end are unsecured. For the year ended 31 December 2018, the Company has not raised any provision for doubtful debts relating to amounts owed by related parties as the payment history has been excellent (2017: £Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The ultimate parent

The directors consider the ultimate parent undertaking and controlling party to be Springer Nature AG & Co. KGaA (formerly known as Springer SBM Zero GmbH), Berlin which is a company incorporated in Germany (registered address: Heidelberger Platz 3, 14197 Berlin, Germany).

Immediate Holding company

Springer Nature Publishers Holdings Limited

Springer Nature Publishers Holdings Limited (formerly Holtzbrinck Publishers Holdings Limited) owns 100% of the ordinary shares in Springer Nature Holdings Limited (2016: 100%). Copies of the financial statements are available from Companies House, Crown Way, Cardiff.

17. Financial risk management objectives and policies

The Company's principal financial instruments comprise of cash.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Company's financial instruments is liquidity risk. The board reviews and agrees the policy for managing the risk and this is summarised below. The Company also monitors the market price arising from all financial instruments.

Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's long-term debt obligations. The majority of the Company's long term debt obligations are funded through the Company's ultimate holding company. Banking facilities at the level of the Company and its subsidiaries are arranged mainly by means of uncommitted credit facilities in order to manage the Company's working capital funding requirements. Management of the interest rate exposure on long-term debt obligations is undertaken at the level of the Company's ultimate holding company.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

17. Financial risk management objectives and policies (continued)

Liquidity risk

Long term Company financial facilities are arranged at the level of the Company's ultimate holding company. The Company maintains adequate short and medium term credit facilities with its banks to fund forecast working capital requirements.

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2018 and 2017 based on contractual payments.

Year ended 31 December 2018	Within 1 Year £'000	1 to 5 Years £'000	More than 5 Years £'000	Total £'000
Non-derivative financial liabilities				
Other non-current liabilities	-	-	912	912
Lease liabilities	2,689	27,355	-	30,044
Trade and other payables	101,852	-	-	101,852
Total	104,541	27,355	912	132,808
Year ended 31 December 2017	Within 1 Year £'000	1 to 5 Years £'000	More than 5 Years £'000	Total £'000
Non-derivative financial liabilities				
Other non-current liabilities	-	-	864	864
Trade and other payables	101,915	-	-	101,915
Total	101,915	-	864	102,779

The Company is not considered to be materially exposed to foreign currency, interest rate or credit risks.

Fair value of recognised financial instruments

In respect of cash and cash equivalents, trade and other receivables, trade and other payables, the carrying amounts approximate fair value due to the relatively short term nature of these financial instruments.