

Emerald Publishing Limited

Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number 03080506



Emerald Publishing Limited

Company Information

| | |
|----------------------------|--|
| Directors | H J Bell A Fleet S Mumtaz A F Roche V C Williams T P Bennett S Wilson |
| Company secretary | E J Tregenza |
| Registered number | 03080506 |
| Registered office | Howard House Wagon Lane Bingley West Yorkshire BD16 1WA |
| Independent auditor | BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL |
| Bankers | Barclays Bank plc PO Box 224 10 Market Street Bradford BD1 1NR HSBC plc 33 Park Row Leeds LS1 1LD |
| Solicitors | DLA Piper UK LLP Princes Exchange 2 Princes Square Leeds LS1 4BY Gordons LLP Riverside West Whitehall Road East Leeds LS1 4AW |

Emerald Publishing Limited

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Emerald Publishing Limited

Strategic Report for the year ended 31 December 2021

Introduction

The directors present the Strategic Report of Emerald Publishing Limited and the audited financial statements for the year ended 31 December 2021.

Business review

The Company's revenue was slightly ahead of 2020 with an increase of 0.6% to £52,564k, when the impact of foreign exchange movements is removed, like-for-like growth is higher at 2.8%. In view of the ongoing challenges presented by the pandemic during this year, the board consider this to be a robust performance.

During the year the Company incurred exceptional costs of £5,154k (2020 - costs of £1,781k) a breakdown of these has been provided in note 6.

Adjusting for exceptional items, earnings before interest, tax, depreciation & amortisation ("Adjusted EBITDA") margin was 26.0% compared to 24.4% in the prior year.

During 2021 the Company's operations continued to be impacted by the global COVID-19 pandemic. The Company's offices in Bingley were closed in March 2020 and did not re-open until September 2021. During this time operations continued with full time home working without any operational disruption being incurred. At the start of the year there was a large degree of uncertainty about how the academic publishing market would respond to the pandemic, with higher education budgets expected to remain under pressure. The business therefore prepared for ongoing pressure on revenue. However, the market remained more stable than expected and revenue increased in the year. The business also experienced a number of pandemic related cost savings, particularly overseas travel and conferences, which continued to see very low levels of activity.

The business continued with its technology investment programme to ensure that it remains abreast of changing market demands and customer needs.

At the start of the year the Group formed a new company called Emerald Group Solutions Limited, to better reflect the new group structure after significant acquisitions. This resulted in the transfer of around 80 employees from Emerald Publishing to Emerald Group Solutions, with associated costs then recharged back to Emerald Publishing on an annual basis.

The Company's key financial and other performance indicators during the year were as follows:

| | 2021 | 2020 |
|--|--------|--------|
| | £'000 | £'000 |
| Revenue | 52,564 | 52,254 |
| Adjusted earnings before exceptional items, interest, tax, depreciation and amortisation | 13,674 | 12,736 |
| Operating profit | 5,419 | 7,815 |
| Net asset value | 28,911 | 24,965 |

Emerald Publishing Limited

Strategic Report (continued) for the year ended 31 December 2021

Objectives and policies

The Company finances its operations through a combination of shareholder's funds, intercompany loans and cash. The majority of the Company's major expenditure and working capital requirements are funded out of the Company's commercial operations.

The Company receives income in sterling, US dollars, euros and other currencies, and endeavours to mitigate currency risk through the use of forward exchange contracts, held by the parent company for the benefit of the overall Group.

As the Company, and the Group overall, is a net receiver of non-sterling currencies, the principal currency risk is the strengthening of sterling. The Group board reviews the hedging policy annually to ensure that this risk is appropriately addressed.

The Company takes all measures available to ensure that it meets health & safety and environmental requirements. There have been no incidents of breaches during the year under review.

Principal risks and uncertainties

The Company operates in the UK and overseas. The diverse nature of the Company's geographic markets mitigates the risk of adverse regional political or economic conditions. The Company is not strategically dependent on any one customer.

The Company seeks to mitigate exposure to all forms of risk, both internal and external. All principal risks are identified on a risk register which is reviewed quarterly by the board. Each identified risk is assigned to a board sponsor who must report quarterly on progress to mitigate the risk.

The principal risks and uncertainties facing the Company include:

1. Currency risk: the Company's principal risk is currency volatility. This is mitigated by the parent company hedging the Company's net currency flows 12 – 18 months in advance.
2. Technological change: the technology needs of the Company and its customers continue to evolve, requiring regular review of the Company's technology strategy and appropriate investment. This is mitigated by ongoing investment in new technology solutions and product offerings. The technology strategy is regularly reviewed by the board, with major projects requiring board approval.
3. Business disruption due to key supplier failure: this is mitigated by using multiple suppliers where possible and practical. All significant new suppliers are subjected to detailed reviews to ensure the Company's supply chain is robust and credit checks are performed regularly on key suppliers. The Company is not strategically dependent on any one supplier.
4. Market disruption due to Open Science: The academic publishing market continues to move towards a more Open publishing route. This is mitigated through our hybrid journals, our new Open Science Gateway – Emerald Open Research, investment in open content workflows, and continued review of our content and publishing strategy.
5. Market or operational disruption due to COVID-19: The COVID-19 pandemic has impacted the business by putting pressure on university budgets and has increased the pressure on the global print book market. The market risk to Emerald is mitigated by the global nature of the business, with some regions less affected by the pandemic than others, and by the increasingly digital nature of the products and services which places less reliance on print books. Operationally, the Group has successfully shifted to full time home working with minimal disruption.
6. 2022 Ukraine - Russia crisis: The Company has trivial amounts of sales with Ukrainian, Russian and Belarusian customers which may be impacted by the sanctions and the ongoing war. These sales amounts represent around 0.2% of 2021 global sales and is therefore not considered a material risk to the business.

Emerald Publishing Limited

Strategic Report (continued) for the year ended 31 December 2021

Price risk, credit risk, liquidity risk and cashflow risk

The Company finances its operations through a combination of bank loans via the Group facility, shareholders' funds and cash. Major expenditure on fixed and intangible assets is financed by the Group's revolving credit facility with its banks, which is held by Emerald Group Holdings Limited. Working capital requirements are funded out of the Company's commercial operations.

The Company receives income in sterling, US dollars, euros and other currencies and endeavours to offset currency risk through the use of forward exchange contracts, which are held by Emerald Group Holdings Limited.

The Company does not carry significant credit risk as most products are sold via subscription, for which payment is received in advance.

The Group's revolving credit facility was successfully renewed in 2021 and the new arrangement is not due to expire until 2024 at the earliest.

Charitable donations

During the year the Company made no charitable donations (2020 - £Nil) however the Group has continued to make charitable contributions from the parent company.

Employee involvement

At the year end the Company employed 180 (2020 - 288) people across its operations. The Company takes its health and safety and environmental responsibilities seriously and is proud of its record in this regard.

The Company communicates openly and regularly with employees, consulting directly in order for employees' views to be taken into account when making decisions that are likely to affect their interests.

The Company encourages involvement of employees in the Company's performance by providing a performance related bonus scheme and regular information regarding financial and strategic performance to employees.

The Company systematically provides employees with key information, including industry changes, financials and group strategy. This is done through weekly communications, as well as regular conferences presented by senior management and directors.

The Company's policy is to provide equal opportunities for employment. In employment related decisions the Company complies with anti-discrimination requirements concerning matters of race, colour, national origin, marital status, sexual orientation, religious belief, age or physical or mental ability. An internal secondment has been created this year for an ED&I Manager who is working closely with our People Teams to review our people processes and identify opportunities to continue to create an inclusive culture.

Disabled people are given full consideration for employment and their development is assisted and encouraged. Being accredited as a 'Disability Confident' employer means that the business is committed to providing opportunities to disabled people, ensuring support and adjustments where possible to allow any employee who becomes disabled during their employment to continue working with us.

Given the difficulties of the last two years as a result of the pandemic, both physical and mental wellbeing has continued to be a key priority for the organisation. Recognition for the Group's commitment to wellbeing and mental health was recognised by winning the SME Wellbeing Strategy of the Year award in March 2021.

Emerald Publishing Limited

Strategic Report (continued) for the year ended 31 December 2021

Companies Act 2006 S172 Reporting

This report sets out how we have applied and complied with the UK Corporate Governance Code 2016 in the financial year end 31 December 2021.

Risk management and strategy

The board of Emerald Publishing are committed to supporting meaningful real world impact. The resources that we promote in the academic and public sectors have the potential to make a positive global change and the group's business model and strategy is aligned with this aim. To achieve this aim, the board set a strategy to determine how the business should evolve to continue to thrive, taking into consideration the expected changes to the external market. These discussions involve identifying key business risks, which are managed through continual assessment and monitoring by the board and senior management, and they are communicated to employees and assigned to department goals.

Community and the environment

The Company aims to create a positive impact within the communities in which it acts. The Company has a number of partnerships with local communities across its global operations, with a focus on supporting education, literacy and social mobility. It does this in a variety of ways including:

- building relationships with local schools through workplace visits for students, career advice, insight workshops and work experience opportunities;
- supporting education-based charities with fundraising activities and volunteering support;
- providing all employees with two volunteering days (in addition to annual leave) to use as they wish in their local communities;
- organising an annual volunteering day to encourage mass involvement of employees across the company; and
- running a dedicated interactive workplace engagement platform to encourage volunteering, fundraising and activities to support the health and wellbeing of its workforce and local communities.

Business relationships

The Company's customers, authors and other stakeholders are also very important to us, and we regularly ask for their feedback and ideas on how we can improve what we do and serve them better. This includes tracking brand perceptions and how we compare with other businesses, as well as measuring net promoter scores for customers as well as those who have published research with us. These metrics are included within the Company wide scorecard, and are used as a benchmark for decision making and ensuring we continue to do the right thing for the communities we serve.

Employees

For our business to succeed it is essential that we retain and develop talent and therefore employee engagement is an important consideration for the board. For further information on how we engage with our employees, please see the employee section above.

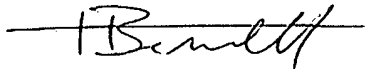
Emerald Publishing Limited

Strategic Report (continued) for the year ended 31 December 2021

Laws and regulations

Regulations and documentary requirements frequently change both in the UK and overseas jurisdictions. However, the Company does not believe it is exposed to a greater degree than any of its competitors and receives professional advice to comply with any revised regulations as they come into effect.

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



.....
T P Bennett
Director

Date: 17th May 2022

Emerald Publishing Limited

Directors' Report for the year ended 31 December 2021

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

Principal activity

The principal activity of the Company is the publication of academic journals and books (which are distributed both in print and digital format), digital case studies, and licensing the use of articles by third parties. Emerald prides itself on being able to support its communities by making research engaging and digestible so it is easy to apply in practice by students and professionals. Most publishing activities are based in Bingley and the Company operates under UK law and legislation. Products are sold throughout the world with no one area being predominant. As the authors, editors and customers are spread throughout the world there are no significant strategic dependencies or relationships.

Results and dividends

The profit for the year, after taxation, amounted to £3,946k (2020 - £5,396k).

During the year, the Company received total dividend income of £6k from group undertakings (2020 - £Nil).

No dividend was declared and paid during the year (2020 - £Nil). No final dividend is proposed (2020 - £Nil).

Directors

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

H J Bell
A Fleet
S Mumtaz
A F Roche
V C Williams
T P Bennett (appointed 1 October 2021)
S Wilson (appointed 1 October 2021)
R L Bevan (resigned 30 September 2021)
S G Cox (resigned 30 September 2021)

Going concern

The board have conducted an assessment and have concluded that going concern is an appropriate basis for the accounts. The Group successfully renewed its credit facility with its lenders during the year, and this is not due to expire until 2024 at the earliest. The Company is forecasting revenue growth in 2022, with costs increasing due to inflation and increased travel. The board have forecast cashflows until 2024 with numerous upside and downside scenarios. In all scenarios the Group meets its covenant requirements and has sufficient cash flows to sustain its operations.

Future developments

The Company continues to invest in its people and infrastructure to drive new products & services and deliver value to its communities. The Company continues to develop its Emerald Insight platform and also a new Open Science Gateway, Emerald Open Research, and continues to focus on its reinvigorated books publishing programme.

The Company will continue to invest in its content management system and publishing platform to provide high quality support for its authors and deliver flexible products and features to its customers.

The board considers that the impact of COVID-19 will continue to reduce compared to 2021, with international travel and conferences expected to slowly start resuming alongside a gradual "reopening" of the economy. This is not expected to impact all regions equally, with some regions already being almost entirely open, while others remain more cautious.

Emerald Publishing Limited

Directors' Report (continued) for the year ended 31 December 2021

Emissions and energy consumption

| | Emerald Publishing annual UK CO ₂ emissions (tonnes) 2021 | Emerald Publishing annual UK CO ₂ emissions (tonnes) 2020 | Emerald Publishing annual UK energy usage (kWh) 2021 | Emerald Publishing annual UK energy usage (kWh) 2020 |
|-----------------------|--|--|--|--|
| Gross | 74.8 | 113.78 | 321,833 | 411,454 |
| Usage per employee | 0.42 | 0.40 | 1,788 | 1,429 |

The Company is required to report in line with the government's Streamlined Energy and Carbon Reporting (SECR) framework. In the year ended 31 December 2021, Emerald Publishing Limited has used energy from the day to day running of three owned buildings in Bingley, one of which is partially rented out. One of the buildings has roof-mounted solar panels which have been in place for both 2021 and 2020. Emissions have been created from the use of hire cars and a plug-in hybrid pool car which was disposed of during the year.

Emissions for 2021 were 74.8 tonnes of CO₂ and energy usage of 321,833 kWh, both of which are significant reductions on 2020 usage. This is partly believed to be driven by the pandemic, with staff working from home until September 2021, after which the office was partially reopened, with only one out of the three owned buildings being used by staff. Conferences and travel to clients have also been severely curtailed in this period which has reduced emissions from cars. During the year the business made the decision to dispose of its leased hybrid pool car due to expected low usage. The business is also looking into voltage optimization and is taking steps to turn off heating and air conditioning systems overnight.

Note that the increase in usage per staff is driven by the number of employees dropping due to the transfer of around 80 employees to Emerald Group Solutions Limited at the start of the year. However, the employees of Emerald Group Solutions continue to use the same office space.

Electricity and water usage have been taken from supplier invoices and meters. Transport mileage was calculated by using mileage records maintained by the business.

Third party indemnity provisions for directors

Qualifying third party indemnity provision insurance was in place for the 12 months ending 31 December 2021, and is in place for the benefit of all the directors of the Company for 2022.

Matters covered in the Strategic Report

Disclosures required under S416(4) of the Companies Act 2006 are commented upon in the Strategic Report in accordance with S414C(11) as the directors consider them to be of strategic importance to the Company.

Disclosure of information to auditor

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

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

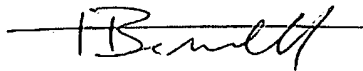
Emerald Publishing Limited

Directors' Report (continued) for the year ended 31 December 2021

Auditor

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

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



.....
T P Bennett
Director

Date: 17th May 2022

Emerald Publishing Limited

Directors' Responsibilities Statement for the year ended 31 December 2021

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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; 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.

Emerald Publishing Limited

Independent Auditor's report to the members of Emerald Publishing Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year 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.

We have audited the financial statements of Emerald Publishing Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

Independence

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.

Conclusions relating to going concern

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

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

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

Emerald Publishing Limited

Independent Auditor's report to the members of Emerald Publishing Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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 ended 31 December 2021 for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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 the 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, 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.

Emerald Publishing Limited

Independent Auditor's report to the members of Emerald Publishing Limited (continued)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law and UK tax legislation and we considered the extent to which non-compliance might have a material effect on the Company's financial statements.

Based on our understanding we designed our audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of management and of the Directors as to the risks of non-compliance and any instances thereof.

We also addressed the risk of management override of internal controls, including testing journal entries processed during and subsequent to the year and evaluating whether there was evidence of bias by directors that represented a risk of material misstatement due to fraud. We identified the intercompany loan recoverability and share based payment expense to be the principal estimates and judgements in the financial statement susceptible to potential bias, and focussed our testing on these areas. We also considered the fraud risk in revenue recognition, specifically focussing on cut-off and manual journals.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

Emerald Publishing Limited

Independent Auditor's report to the members of Emerald Publishing Limited (continued)

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.

DocuSigned by:
Mark Langford
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Mark Langford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds
United Kingdom

Date: 18 May 2022

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

Emerald Publishing Limited

Statement of Comprehensive Income for the year ended 31 December 2021

| | Note | 2021 £000 | 2020 £000 |
|--|------|---------------|---------------|
| Turnover | 4 | 52,564 | 52,254 |
| Cost of sales | | (11,067) | (10,675) |
| Gross profit | | 41,497 | 41,579 |
| Distribution costs | | (12,427) | (12,506) |
| Administrative expenses | | (22,764) | (20,334) |
| Other operating income | 5 | (887) | (924) |
| EBITDA - ADJUSTED FOR EXCEPTIONAL ITEMS | | 13,674 | 12,736 |
| Exceptional items (included in administrative expenses and other operating expenses) | 6 | (5,154) | (1,781) |
| Depreciation (included in cost of sales, distribution & administrative expenses) | | (478) | (569) |
| Amortisation (included in administrative expenses) | | (2,623) | (2,571) |
| Operating profit | 7 | 5,419 | 7,815 |
| Income from shares in group undertakings | | 6 | - |
| Interest receivable and similar income | 11 | 10 | 1 |
| Interest payable and similar expenses | 12 | (1) | (2) |
| Profit before tax | | 5,434 | 7,814 |
| Tax on profit | 13 | (1,488) | (2,418) |
| Profit for the financial year | | 3,946 | 5,396 |

The notes on pages 17 to 36 form part of these financial statements.

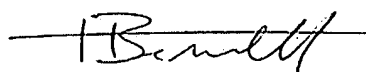
Emerald Publishing Limited

Registered number: 03080506

Statement of Financial Position as at 31 December 2021

| | Note | 2021 £000 | 2020 £000 |
|--|------|---------------|---------------|
| Fixed assets | | | |
| Intangible assets | 14 | 4,876 | 6,274 |
| Tangible assets | 15 | 6,529 | 6,817 |
| Investments | 16 | 223 | 223 |
| Investment properties | 17 | 916 | 916 |
| | | <u>12,544</u> | <u>14,230</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 18 | 36,546 | 28,491 |
| Cash at bank and in hand | | 6,661 | 5,474 |
| | | <u>43,207</u> | <u>33,965</u> |
| Creditors: amounts falling due within one year | 19 | (26,483) | (22,807) |
| Net current assets | | <u>16,724</u> | <u>11,158</u> |
| Total assets less current liabilities | | <u>29,268</u> | <u>25,388</u> |
| Provisions for liabilities | | | |
| Deferred tax | 20 | (357) | (423) |
| Net assets | | <u>28,911</u> | <u>24,965</u> |
| Capital and reserves | | | |
| Called up share capital | 21 | 1,639 | 1,639 |
| Profit and loss account | 22 | 27,272 | 23,326 |
| Shareholders' funds | | <u>28,911</u> | <u>24,965</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....
T P Bennett
Director

Date: 17th May 2022

The notes on pages 17 to 36 form part of these financial statements.

Emerald Publishing Limited

Statement of Changes in Equity for the year ended 31 December 2021

| | Called up share capital £000 | Profit and loss account £000 | Total equity £000 |
|--|---------------------------------------|---------------------------------------|----------------------|
| At 1 January 2020 | 1,639 | 17,930 | 19,569 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 5,396 | 5,396 |
| Total comprehensive income for the year | - | 5,396 | 5,396 |
| At 1 January 2021 | 1,639 | 23,326 | 24,965 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 3,946 | 3,946 |
| Total comprehensive income for the year | - | 3,946 | 3,946 |
| At 31 December 2021 | 1,639 | 27,272 | 28,911 |

The notes on pages 17 to 36 form part of these financial statements.

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

1. General information

Emerald Publishing Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and principal activity are set out in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest thousand.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Emerald Group Holdings Limited as at 31 December 2021 and these financial statements may be obtained from Howard House, Wagon Lane, Bingley, West Yorkshire, BD16 1WA.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

2. Accounting policies (continued)

2.4 Going concern

The board have conducted an assessment and have concluded that going concern is an appropriate basis for the accounts. The Group successfully renewed its credit facility with its lenders during the year, and this is not due to expire until 2024 at the earliest. The Company is forecasting revenue growth in 2022, with costs increasing due to inflation and increased travel. The board have forecast cashflows until 2024 with numerous upside and downside scenarios. In all scenarios the Group meets its covenant requirements and has sufficient cash flows to sustain its operations.

2.5 Revenue recognition and deferred income

Revenue relating to Emerald Publishing Limited's subscriptions is recognised over the life of the licence.

Revenue relating to licensing of owned journals and books content and reproduction rights is recognised over the life of the licence.

Income in respect of the following year is credited in the Statement of Financial Position to deferred income and released to revenue in line with the policy above.

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

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

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

2.8 Operating leases: the Company as lessee

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

2.9 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide a clearer understanding of the underlying financial-performance of the Company.

They are material items of income or expenditure that have been shown separately due to their significance to the Company.

2.10 Income from shares in group undertakings

Dividends receivable from subsidiary undertakings are recognised in the Statement of Comprehensive Income when the right to the dividend income has been established. Dividends are recognised when paid and any final dividends receivable are recognised when declared at a general meeting.

2.11 Interest income

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

2.12 Finance costs

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

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

2. Accounting policies (continued)

2.14 Intangible assets

The Company capitalises several classes of intangible assets, which includes specifically acquired content, software, and, on acquisition, intangible assets identified separately to goodwill such as content, customer lists or marketing assets.

Capitalised internal-use software costs include external direct costs of materials and services consumed in developing or obtaining the software, and payroll and other direct costs for employees who devote substantial time to the project. Capitalisation of these costs ceases when the project is substantially complete and available for use. These costs are then amortised on a straight line basis over their expected useful lives. Ongoing development work is capitalised when it is judged that the work will provide future economic benefit.

Content acquired separately from a business is measured at cost less accumulated amortisation and any accumulated impairment losses. Content acquired as part of an acquisition of a business is capitalised separately from goodwill as the directors believe that the fair value of the titles can be measured reliably on initial recognition. Content created within the business is not capitalised.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

The estimated useful lives range as follows:

| | | |
|---------------------------|---|---|
| Software | - | 3 to 5 years |
| Domains | - | 3 to 5 years |
| Content | - | 15 years |
| Assets under construction | - | No amortisation is charged whilst assets are under construction |

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

2. Accounting policies (continued)

2.15 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

| | |
|----------------------------------|------------------|
| Land | - Nil |
| Long-term leasehold buildings | - 20 to 50 years |
| Fixtures, fittings and equipment | - 3 to 10 years |

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

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

2.16 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Statement of Comprehensive Income.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.17 Investments

Investments are stated at historical cost less provision for any diminution in value.

2.18 Investment property

Investment property is shown at valuation. The valuation was obtained at the year end 31 December 2021 from an independent qualified valuer. A valuation will be obtained at subsequent year ends with any gains and losses being recognised through the Statement of Comprehensive Income.

2.19 Debtors

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

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

2. Accounting policies (continued)

2.20 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.21 Creditors

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

2.22 Financial instruments

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

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Statement of Financial Position date.

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

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 15 for the net carrying amount of the tangible assets.

(ii) Useful economic lives of intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates. See note 14 for the net carrying amount of the intangible assets.

(iii) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the aging profile of debtors and historical experience. See note 18 for the net carrying amount of the debtors and associated impairment provision.

(iv) Impairment of investments and intangible assets

At each reporting date, investments and, intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Statement of Comprehensive Income.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income. See note 14 for the net carrying amount of intangible assets.

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

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

(v) *Investment property assets*

At each reporting date, property assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. An external valuation is obtained and compared with its carrying amount. If the estimated market value is lower, the carrying amount is reduced to its estimated market value and an impairment loss is recognised immediately in the Statement of Comprehensive Income.

(vi) *Growth share valuation*

Employee growth shares in the parent company were first issued in June 2015 as a long term incentive plan ('LTIP') for key employees. On issue, the growth shares are deemed to have negligible value. Once a pre-determined valuation hurdle is achieved, the shares begin to attract theoretical value as the equity value of the group increases. The conditions of the scheme make it prudent to recognise an expense for the fair value of the cash-settled equity scheme. Growth shares are similar to cash-settled share options in their nature, therefore they are measured at fair value at the Balance Sheet date. The Group recognises a liability at the Statement of Financial Position date based on these fair values, taking into account the vesting period which has transpired. Changes in the value of this liability are recognised in the Statement of Comprehensive Income.

4. Revenue

An analysis of revenue by geographical location is given below:

| | 2021 £000 | 2020 £000 |
|---------------------------|---------------|---------------|
| United Kingdom | 5,046 | 4,914 |
| Europe | 8,751 | 8,393 |
| America | 13,778 | 14,743 |
| Far East | 14,013 | 13,726 |
| Australasia/South Pacific | 2,956 | 3,115 |
| Rest of the World | 8,020 | 7,363 |
| | <u>52,564</u> | <u>52,254</u> |

All revenue derives from the publication of academic material and services associated with the publication of academic material except £20k (2020 - £Nil) of rental income.

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

5. Other operating expenses

| | 2021 £000 | 2020 £000 |
|----------------------------------|--------------|--------------|
| Revaluation of group derivatives | 985 | 482 |
| Foreign exchange (gain)/loss | (98) | 442 |
| | <u>887</u> | <u>924</u> |

6. Exceptional items

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Loss on revaluation of financial instruments (included in other operating expenses) - recharged from Emerald Group | 985 | 482 |
| Impairment of property asset | - | 1,316 |
| Share base payment charge/(credit) - recharged from Emerald Group | 2,707 | (688) |
| Restructure and severance costs | 45 | 671 |
| Severance costs – recharged from Emerald Group Solutions | 700 | - |
| Exceptional professional fees – recharged from Emerald group | 717 | - |
| | <u>5,154</u> | <u>1,781</u> |

7. Operating profit

The operating profit is stated after charging:

| | 2021 £000 | 2020 £000 |
|---------------------------------------|--------------|--------------|
| Depreciation of tangible fixed assets | 478 | 569 |
| Amortisation of intangible assets | 2,623 | 2,571 |
| Impairment of trade debtors | 74 | 158 |
| Operating lease rentals | 117 | 170 |
| Foreign exchange (gain)/loss | (98) | 442 |
| | <u></u> | <u></u> |

8. Auditor's remuneration

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Fees payable to the Company's auditor for the audit of the Company's annual financial statements | <u>37</u> | <u>47</u> |

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

9. Employees

Staff costs, including directors' remuneration, were as follows:

| | 2021 £000 | 2020 £000 |
|-------------------------------------|--------------|---------------|
| Wages and salaries | 8,446 | 11,816 |
| Social security costs | 831 | 1,187 |
| Defined contribution pension scheme | 420 | 610 |
| Severance pay | 45 | 795 |
| | <u>9,742</u> | <u>14,408</u> |

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

| | 2021 No. | 2020 No. |
|----------------|-------------|-------------|
| Administration | 95 | 195 |
| Production | 85 | 93 |
| | <u>180</u> | <u>288</u> |

Note that the decrease in staff is driven by around 80 employees transferring to Emerald Group Solutions Limited at the start of the year.

10. Directors' remuneration

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Directors' emoluments | 1,549 | 1,921 |
| Company contributions to defined contribution pension schemes | 58 | 58 |
| Compensation for loss of office | 225 | - |
| | <u>1,832</u> | <u>1,979</u> |

During the year retirement benefits were accruing to 7 directors (2020 - 7) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £387k (2020 - £641k).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2020 - £Nil).

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

11. Interest receivable and similar income

| | 2021 £000 | 2020 £000 |
|--------------------------|--------------|--------------|
| Bank interest receivable | 10 | 1 |

12. Interest payable and similar expenses

| | 2021 £000 | 2020 £000 |
|-----------------------------|--------------|--------------|
| Interest on bank borrowings | 1 | 2 |

13. Taxation

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Corporation tax | | |
| Current tax on profits for the year | 1,612 | 1,886 |
| Adjustments in respect of prior years | (58) | 529 |
| Total current tax | 1,554 | 2,415 |
| Deferred tax | | |
| Origination and reversal of timing differences | (198) | 3 |
| Changes to tax rates | 86 | - |
| Adjustments in respect of prior years | 46 | - |
| Total deferred tax | (66) | 3 |
| Taxation on profit | 1,488 | 2,418 |

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Profit before tax | 5,434 | 7,814 |
| Profit multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%) | 1,032 | 1,485 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 554 | 372 |
| Short term timing differences | 12 | 204 |
| Adjustments in respect of prior years | (12) | 529 |
| Tax credits utilised | (99) | (176) |
| Group relief | (78) | - |
| Re-measurement of deferred tax – change in UK tax rate | 86 | - |
| Other differences | (7) | 4 |
| Total tax charge for the year | 1,488 | 2,418 |

Factors that may affect future tax charges

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced at the budget on 3 March 2021, and substantively enacted on 24 May 2021. The deferred tax balance at 31 December 2021 has been calculated based on the rate as at the Statement of Financial Position date.

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

14. Intangible assets

| | Assets under construction £000 | Software £000 | Domains £000 | Content £000 | Total £000 |
|-----------------------|--------------------------------------|------------------|-----------------|-----------------|---------------|
| Cost | | | | | |
| At 1 January 2021 | 62 | 14,088 | 399 | 54,535 | 69,084 |
| Additions | 295 | 923 | - | 7 | 1,225 |
| Asset class transfer | (51) | 51 | - | - | - |
| At 31 December 2021 | 306 | 15,062 | 399 | 54,542 | 70,309 |
| Amortisation | | | | | |
| At 1 January 2021 | - | 9,277 | 201 | 53,332 | 62,810 |
| Charge for the year | - | 2,208 | 77 | 338 | 2,623 |
| At 31 December 2021 | - | 11,485 | 278 | 53,670 | 65,433 |
| Net book value | | | | | |
| At 31 December 2021 | 306 | 3,577 | 121 | 872 | 4,876 |
| At 31 December 2020 | 62 | 4,811 | 198 | 1,203 | 6,274 |

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

15. Tangible fixed assets

| | Long-term leasehold land and buildings £000 | Fixtures, fittings and equipment £000 | Total £000 |
|-----------------------|---|--|---------------|
| Cost | | | |
| At 1 January 2021 | 7,374 | 6,712 | 14,086 |
| Additions | - | 190 | 190 |
| At 31 December 2021 | 7,374 | 6,902 | 14,276 |
| Depreciation | | | |
| At 1 January 2021 | 1,659 | 5,610 | 7,269 |
| Charge for the year | 136 | 342 | 478 |
| At 31 December 2021 | 1,795 | 5,952 | 7,747 |
| Net book value | | | |
| At 31 December 2021 | 5,579 | 950 | 6,529 |
| At 31 December 2020 | 5,715 | 1,102 | 6,817 |

16. Investments

| | Subsidiary undertakings £000 |
|--------------------------------|------------------------------------|
| Cost and net book value | |
| At 1 January 2021 | 223 |
| At 31 December 2021 | 223 |

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

16. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Holding | Proportion of voting rights and shares held | Registered office | Principal activity |
|---|----------|---|--|--------------------|
| Emerald Group Publishing Inc | Ordinary | 100% | 120 Beacon Street Suite 202 Somerville, MA 02143 - USA | Publishing support |
| Emerald Group Publishing Sdn Bhd | Ordinary | 100% | S-08-07, First Subang Jalan SS I 5/4G 47500 Subang Jaya, Selangor - Malaysia | Publishing support |
| Emerald Group Publishing (India) Private Limited | Ordinary | 98% | A-49, First Floor, Street No.3 I, Chattarpur Enclave Phase II, New Delhi, 110074 - India | Publishing support |
| Emerald GP (South Africa) (PTY) Limited | Ordinary | 100% | 4759 Chiume Street, Ext 2 Chiawelo, Soweto, Johannesburg, Guateng 1818 - South Africa | Publishing support |
| Emerald (Beijing) Information Science Co. Limited | Ordinary | 100% | Room 1301, Building B JinQiu International Plaza No. 6 Zhichun Road Haidian District Beijing - China | Publishing support |
| Emerald Publishing PTY LTD (Australia) | Ordinary | 100% | Suite 902 Level 9 146 Arthur Street, North Sydney NSW 2060 - Australia | Publishing support |
| Aire Valley Management Company Limited | Ordinary | 73% | Howard House Wagon Lane Bingley, WestYorkshire BD16 1WA - UK | Publishing support |

All of the above subsidiaries are included in the consolidated financial statements of Emerald Group Holdings Limited.

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

17. Investment properties

| | Investment properties £000 |
|----------------------------|----------------------------------|
| Valuation | |
| At 1 January 2021 | 916 |
| At 31 December 2021 | 916 |

During the prior year the Company undertook a review of its property requirements. As a result of the review it was decided that one property which was previously occupied would no longer be used in the business and as a result would be held as an investment property to collect rental income. The property has had no change in use during the year and an external valuation has confirmed no change in value for the year ended 31 December 2021.

18. Debtors: amounts falling due within one year

| | 2021 £000 | 2020 £000 |
|-----------------------------------|---------------|---------------|
| Trade debtors | 7,987 | 7,610 |
| Amounts owed by group undertaking | 26,938 | 18,897 |
| Other debtors | 216 | 45 |
| Corporation tax recoverable | 760 | 587 |
| Prepayments and accrued income | 645 | 1,352 |
| | 36,546 | 28,491 |

Trade debtors are stated after provisions for impairment of £313k (2020 - £387k).

Amounts owed by group undertakings are unsecured, interest free, are repayable on demand.

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

19. Creditors: amounts falling due within one year

| | 2021 £000 | 2020 £000 |
|------------------------------------|---------------|---------------|
| Trade creditors | 1,386 | 1,778 |
| Amounts owed to group undertakings | 5,300 | 2,334 |
| Other taxation and social security | 213 | 161 |
| Other creditors | 71 | 102 |
| Accruals and deferred income | 19,513 | 18,432 |
| | <u>26,483</u> | <u>22,807</u> |

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

20. Deferred taxation

| | 2021 £000 |
|---------------------------|-------------------|
| At beginning of year | 423 |
| Charged to profit or loss | (66) |
| At end of year | <u>357</u> |

The provision for deferred taxation is made up as follows:

| | 2021 £000 | 2020 £000 |
|--------------------------------|--------------|--------------|
| Accelerated capital allowances | 389 | 477 |
| Other timing differences | (32) | (54) |
| | <u>357</u> | <u>423</u> |

21. Share capital

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Allotted, called up and fully paid | | |
| 1,638,600 (2020 - 1,638,600) Ordinary shares of £1 each | <u>1,639</u> | <u>1,639</u> |

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

22. Reserves

The Company's capital and reserves are as follows:

Share capital

Share capital represents the nominal value of shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

23. Contingent liabilities

The Company is party to a cross guarantee, which guarantees the bank borrowings of other companies within the Group. The gross amount guaranteed is £27,500k (2020 - £24,139k). The maximum exposure for the Company to the associated borrowings is £27,500k (2020 - £27,500k).

24. Capital commitments

As at 31 December 2021 the Company had no capital commitment (2020 - £Nil).

25. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £437k (2020 - £610k). Contributions totalling £57k (2020 - £86k) were payable to the fund at the reporting date and are included in other creditors.

26. Commitments under operating leases

As at 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2021 £000 | 2020 £000 |
|---------------------------|--------------|--------------|
| Within one year | 55 | 89 |
| Within two and five years | 2 | 143 |
| | <u>57</u> | <u>232</u> |

Emerald Publishing Limited

Notes to the Financial Statements for the year ended 31 December 2021

27. Related party transactions

The Company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the Group.

28. Ultimate parent company and ultimate controlling party

Emerald Group Holdings Limited, a Company registered in England & Wales, is the Company's immediate and ultimate parent company. It has included the Company in its consolidated financial statements, copies of which are available from its registered office.

Emerald Group Holdings Limited is controlled by the Trustees of the K Howard 1987 Discretionary Settlement Trust by virtue of the trust holding a majority of the voting share capital.