Biomed Central Limited

Registered Number 03680030

Report and Financial Statements

31 December 2014

Directors
P W J Hendriks
S Rimington (resigned 15 April 2015)
U Vest

Secretary
S Rimington (resigned 15 April 2015)

Auditor
Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office
6^{th} Floor
236 Gray's Inn Road
London WC1X 8HB

Strategic report

The directors present their Strategic report for the year ended 31 December 2014.

Results and dividends

The profit for the year after taxation amounted to £13,657,000 (2013 – profit of £6,563,000). The directors do not recommend the payment of a dividend.

Principal activities and review of the business

The principal activity of the company in the year under review was that of a publisher of open access and online articles in the field of science, technology and medicine.

Key performance indicators

The company's key financial performance indicators during the year were as follows:

	2014	*2013*	*% change*
	£000	*£000*	
Turnover	39,659	31,888	24.4%
Profit after tax	13,657	6,563	108.1%

The company's revenues grew by 24.4% as a result of new journal launches, extensions of revenue streams and the increase in articles published.

Profit has increased by 108% due to the growth in the business and the gain on disposal of the Chemistry Central journals (see Note 3).

Future developments

The 2015 outlook is for growth of sales exceeding 10%. The growth is possible as a result the launch of new journals, new revenue streams and the growth in articles in existing journals.

The company will continue to invest in people, systems and development of new journals to meet the demands of the Science, Technology and Medicine (STM) community and profit expectations.

Principal risks and uncertainties

The company's principal financial instrument is comprised of an intra-group loan. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The company does not enter into derivative transactions.

The main risks arising from the company's financial instruments are liquidity risk and credit risk. The board reviews and agrees policies for managing these risks as summarised below:

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Strategic report

Principal risks and uncertainties

Credit risk

The company trades with only recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

P W J Hendriks
Director
24 June 2015

Directors' report

The directors present their report for the year ended 31 December 2014.

Directors

The directors who served the company during the year were as follows:

P W J Hendriks
S Rimington (resigned 30 April 2015)
U Vest

Going concern

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

Employment involvement

It is the policy of the company that no job application or employee, full time or part time, will receive less favourable treatment because of a disability unless objectively justifiable. The company gives full and fair consideration to disabled people during recruitment, who are judged on whether or not they have the skills or experience to do the job in question. Particular consideration is given to the training and other needs of disabled employees (and especially of those individuals who become disabled during employment). It is the aim of the company to comply at all times with the obligations imposed on it by the Equality Act 2010.

Management believes that employees will work more effectively if, subject to obvious legal and business constraints, they are kept informed of the progress of the company and of the group as a whole. For this reason, the information on both the company's and group's performance is cascaded down via management and staff meeting on a regular basis.

Research and development

The company will continue to invest in its systems platform to ensure a reliable, efficient and high quality service is experienced by both customers and staff.

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report

Auditor

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

On behalf of the Board
P W J Hendriks
Director
24 June 2015

Statement of directors' responsibilities

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper 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.

Independent auditor's report

to the members of Biomed Central Limited

We have audited the financial statements of Biomed Central Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Independent auditor's report

to the members of Biomed Central Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 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.

Ernst & Young LLP

Nicholas Jacques (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

29 June 2015

Profit and loss account

for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Turnover	2	39,659	31,888
Cost of sales		(7,582)	(6,403)
Gross profit		32,077	25,485
Administrative expenses		(18,012)	(17,980)
Gain on disposal of intangible assets	3	1,418	-
Operating profit	4	15,483	7,505
Interest receivable and similar income	5	1,801	1,570
Interest payable and similar charges	5	(2)	(2)
Profit on ordinary activities before taxation		17,282	9,073
Tax on profit on ordinary activities	6	(3,625)	(2,510)
Profit for the financial year	17	13,657	6,563

For the current and preceding year there were no discontinued operations or acquisitions reflected above.

Statement of total recognised gains and losses

for the year ended 31 December 2014

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £13,657,000 in the year ended 31 December 2014 (2013 – profit of £6,563,000).

Balance sheet
at 31 December 2014

	Notes	2014 £000	2013 £000
Fixed assets			
Intangible fixed assets	9	2,982	3,701
Tangible fixed assets	10	577	1,503
		3,559	5,204
Current assets			
Stocks	12	920	838
Debtors	13	61,067	43,305
Cash at bank and in hand		465	233
		62,452	44,376
Creditors: amounts falling due within one year	14	(19,117)	(16,343)
Net current assets		43,335	28,033
Net assets		46,894	33,237
Capital and reserves			
Called up share capital	15	16,900	16,900
Share premium account	16	6,222	6,222
Profit and loss account	16	23,772	10,115
Shareholder's funds	17	46,894	33,237

Signed on behalf of the Board of Directors

P W J Hendriks
Director
24 June 2015

Registered Number: 03680030

Notes to the financial statements

at 31 December 2014

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Going concern

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

Group financial statements

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group. The results of subsidiary undertakings are dealt with in the consolidated financial statements of the ultimate parent undertaking, Springer Science + Business Media GP Acquisition SCA. The group financial statements of Springer Science + Business Media GP Acquisition SCA within which this company is included can be obtained from the address given in note 19.

Revenue recognition

Turnover from sales of online publications and journals is recognised at the date of publication. Income from subscriptions and other similar services is recognised in accordance with the period to which the service relates.

Statement of cash flows

Under FRS1 (revised) the company is exempt from the requirement to prepare a statement of cash flows on the grounds that the ultimate parent undertaking includes the company in its own published group financial statements.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to £nil by equal annual instalments over its estimated useful life.

Impairment reviews are carried out if there is some indication that impairment may have occurred. The impairment loss is calculated as the difference between the carrying value of the assets and their estimated recoverable amount. Where there is impairment this cost is charged to the profit and loss account.

Tangible fixed assets

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, as follows:

Office equipment	–	3 years
Furniture and fixtures	–	5 years
Software and development	–	3 years

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Tangible fixed assets (continued)

Impairment reviews are carried out if there is some indication that impairment may have occurred. The impairment loss is calculated as the difference between the carrying value of the assets and their estimated recoverable amount. Where there is impairment this cost is charged to the profit and loss account.

Investments

Fixed asset investments are stated at cost less provision for impairment.

Stocks

Stock is stated at the lower of cost and net realisable value. Work in progress relates to journals in production which are estimated based on the average time of completion.

Pension costs

The company operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

2. Turnover

Turnover represents the invoiced value of goods and services supplied to other parties, excluding Value Added Tax. An analysis of turnover by geographical market is given below:

	2014	*2013*
	£000	*£000*
USA	6,756	6,115
Germany	2,584	2,021
China	5,417	3,580
United Kingdom	3,433	2,952
Rest of the World	21,469	17,220
	39,659	31,888

Notes to the financial statements

at 31 December 2014

3. Gain on disposal of intangible assets

	2014	*2013*
	£000	*£000*
Gain on disposal of intangible asset	1,418	-

On 1 September 2014 Chemistry Central Limited was transferred to Springer International Publishing AG, a fellow group undertaking, for £1,545,000, resulting in a gain on disposal of £1,418,000.

4. Operating profit

This is stated after charging/(crediting):

	2014	*2013*
	£000	*£000*
Auditor's remuneration:		
Audit services	27	21
Depreciation and other amounts written off tangible fixed assets	971	954
Amortisation of intangible fixed assets	637	628
Foreign exchange (gains)/losses	(70)	145
Gain on disposal of intangible assets	(1,418)	-

5. Directors' remuneration

	2014	*2013*
	£000	*£000*
Directors' remuneration	-	404

The aggregate value of company contributions to defined contribution pension schemes in respect of directors' qualifying services paid or treated as paid during the year was £nil (2013 – £15,450).

The Directors' remuneration, including pension contributions, relates to the highest paid director. Emoluments for one of the directors are paid by Springer-Verlag London Limited, a fellow group undertaking, for an amount of £170,207 (2013: £164,968). The fellow group undertaking recharged £nil to the company during the year (2013: £nil). Emoluments for the remaining directors of the company are paid for by the fellow group undertakings. The fellow group undertakings have not recharged any amount to the company (2013: £nil) on the basis that the amount attributable to the company is negligible.

Notes to the financial statements
at 31 December 2014

6. Staff costs

	2014	2013
	£000	£000
Wages and salaries	7,542	8,797
Social security	803	1,007
Pension contributions	239	74
	8,583	9,878

The average monthly number of employees during the year was made up as follows:

	2014	2013
	No.	No.
Sales and marketing	42	45
Administration	84	125
Editorial	122	114
	248	284

7. Interest receivable and interest payable

(a) Interest receivable and similar income

	2014	2013
	£000	£000
Interest receivable from group undertakings	1,801	1,570

(b) Interest payable and similar charges

	2014	2013
	£000	£000
Interest payable to group undertakings	2	2

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2014	2013
	£000	£000
Total current tax (note 8(b))	3,680	2,325
Total deferred tax (credit)/charge (note 18)	(55)	185
Tax on profit on ordinary activities	3,625	2,510

Notes to the financial statements

at 31 December 2014

8. Tax (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%). The differences are explained below:

	2014	*2013*
	£000	*£000*
Profit on ordinary activities before tax	17,282	9,073
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%)	3,716	2,109
Effects of:		
Expenses not deductible for tax purposes	(12)	5
Capital allowances in excess of depreciation	158	211
Adjustment in respect of prior years	(182)	-
Current tax for the year (note 8(a))	3,860	2,325

9. Intangible fixed assets

	Goodwill	*Publishing Rights*	*Total*
	£000	*£000*	*£000*
Cost:			
At 1 January 2014	6,271	297	6,568
Additions	-	-	-
Transfers	-	45	45
Disposals	(192)	-	(192)
At 31 December 2014	6,079	342	6,421
Amortisation:			
At 1 January 2014	2,652	215	2,867
Charge for year	583	54	637
Disposals	(65)	-	(65)
At 31 December 2014	3,170	269	3,439
Net book value:			
At 31 December 2014	2,909	73	2,982
Net book value:			
At 1 January 2014	3,619	82	3,701

Notes to the financial statements
at 31 December 2014

10. Tangible fixed assets

	Office equipment £000	Furniture and fixtures £000	Software and development £000	Total £000
Cost:				
At 1 January 2014	884	54	3,429	4,367
Additions	77	-	44	121
Transfers	-	-	(45)	(45)
Disposals	-	-	(90)	(90)
At 31 December 2014	961	54	3,338	4,353
Depreciation:				
At 1 January 2014	616	44	2,204	2,864
Charge for year	160	3	807	971
Disposals	-	-	(58)	(58)
At 31 December 2014	776	47	2,953	3,776
Net book value:				
At 31 December 2014	185	7	385	577
Net book value:				
At 1 January 2014	224	16	1,607	1,847

11. Investments

The companies in which the company's interest at the year end is at least 20% are as follows:

Name of company	*Country of incorporation*	*Principal activity*	*Class and percentage of shares held*
Current Science Limited	England and Wales	Dormant	Ordinary 100%
Genome Biology Limited	England and Wales	Dormant	Ordinary 100%

12. Stocks

	2014 £000	*2013 £000*
Work in progress	920	838

Notes to the financial statements

at 31 December 2014

13. Debtors

	2014	*2013*
	£000	*£000*
Trade debtors	3,254	2,776
Amounts owed by group undertakings	57,209	39,949
Deferred tax asset (note 18)	390	335
Other debtors and prepayments	214	245
	61,067	43,305

14. Creditors: amounts falling due within one year

	2014	*2013*
	£000	*£000*
Trade creditors	5,638	5,010
Amounts owed to group undertakings	5,706	5,714
Other taxation and social security	535	422
Other creditors	15	31
Accruals	2,267	2,709
Deferred income	1,057	1,481
Corporation tax	3,899	976
	19,117	16,343

15. Issued share capital

		2014		*2013*
Allotted, called up and fully paid	*No.*	*£000*	*No.*	*£000*
Ordinary shares of £1 each	16,900,201	16,900	16,900,201	16,900

16. Movements on reserves

	Share premium account	*Profit and loss account*
	£000	*£000*
At 1 January 2014	6,222	10,115
Profit for the year	-	13,657
At 31 December 2014	6,222	23,772

Notes to the financial statements
at 31 December 2014

17. Reconciliation of shareholder's funds

	2014	*2013*
	£000	*£000*
Profit for the financial year	13,657	6,563
Opening shareholder's funds	33,237	26,674
Closing shareholder's funds	46,894	33,237

18. Deferred tax

	2014	*2013*
	£000	*£000*
The deferred tax included in the balance sheet is as follows:		
(Decelerated) capital allowances	(353)	(270)
Other timing differences	(37)	(65)
Deferred tax asset (note 13)	(390)	(335)

	£000
At 1 January 2014	(335)
Deferred tax credit in profit and loss account (note 8(a))	(55)
At 31 December 2014	(390)

19. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other 100% owned members of the Springer Science+Business Media group.

20. Ultimate parent undertaking and controlling party

At 31 December 2014 the immediate parent undertaking of the company was Stampdew Limited. The ultimate parent undertaking and controlling party is Springer Science + Business Media GP Acquisition SCA, a company incorporated in Luxembourg. This company is also the parent undertaking of the smallest and largest group of which Biomed Central Limited is a member.

The group financial statements are available from:

Springer Science + Business Media GP Acquisition SCA
1A, rue Thomas Edison
L-1445 Strassen
Luxembourg