**Registered number: 04759694**

**Packt Publishing Limited**

Directors' report and financial statements

For the year ended 30 June 2022



DAINS
ACCOUNTANTS

**Packt Publishing Limited**

**Company Information**

| | |
|---|---|
| **Directors** | D Maclean<br>K Ruddle<br>G Spackman |
| **Company secretary** | S Kay |
| **Registered number** | 04759694 |
| **Registered office** | Livery Place<br>2nd Floor<br>35 Livery Street<br>Birmingham<br>B3 2PB |
| **Independent auditors** | Dains Audit Limited<br>15 Colmore Row<br>Birmingham<br>B3 2BH |

**Packt Publishing Limited**

## Contents

**Packt Publishing Limited**

**Strategic report**
**For the year ended 30 June 2022**

## Introduction

The directors present their Strategic report for the year ended 30 June 2022.

### Business review

As one of the UK's leading independent publishers of technical literature for developers, the Company is evolving and building its business in physical channels while designing and publishing both digital and traditional content across multiple platforms. We develop, publish, market and distribute a variety of digital and standard content.

The majority of our sales are derived from channel partners and technological advances continue to create opportunities for published technical content.

Demand for digital and traditional content, which makes up around 80% of revenue, continued to grow through 2022.

Trading in the year is discussed below within the financial key performance indicators.

We believe we can enjoy the benefits of traditional publishing alongside a marked ramp up of digital revenues both of which we expect will grow through our channels.

The Company continues to recognise the high quality of its development and this is a reflection on the highly talented team of people it employs and we are grateful to them for their dedication and continued hard work. The Company also enjoys the ongoing support of its shareholders.

### Principal risks and uncertainties

The Company's activities are subject to risks and uncertainties, which may affect future financial performance. These are not the only risks and uncertainties faced by the Company, there may be additional risks and uncertainties not currently known or that are not believed to be material.

*Financial risk management:* The Company's operations expose it to a variety of financial risks that include liquidity and interest rate risk, credit risk and currency risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company. Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the directors are implemented by the Company's finance department. There are processes in place to manage the financial risks listed.

*Liquidity and interest rate risk:* The Company actively maintains a structure that is designed to ensure there are sufficient assets to meet its liabilities as they fall due. No external financing is currently used by the Company.

*Credit risk:* The Company has implemented policies that require appropriate credit checks on potential customers before sales are made.

*Currency risk:* The Company seeks to balance the flows of revenues and costs across currencies to minimise the exposure to currency risk. Financial Instruments are considered where appropriate.

## Financial key performance indicators

The Company monitors and challenges financial performance to promote accountability and to progress the business.

| **KPIs** | **Target** | **Progress** | | | |
|---|---|---|---|---|---|
| | | **2022** | **2021** | **Movement** | |
| | | **£'000** | **£'000** | **£'000** | **%** |
| Revenue | Revenue growth above the market | 20,833 | 18,828 | 2,005 | 10.6 |
| Operating Profit | Improve profitability margins | 3,396 | 2,272 | 1,124 | 49.5 |

Revenue has increased due to growth in market share.

Operating profit has improved reflecting revenue growth over and above overhead spend.

Revenue and operating profit are in line with Directors expectations.

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

DocuSigned by:

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**D Maclean**
Director

Date: 23rd March 2023

The Directors present their report and the financial statements for the year ended 30 June 2022.

**Principal activity**

The principal activity of the Company continued to be that of the publication of e-books and electronic information.

**Results and dividends**

The profit for the year, after taxation, amounted to £2,749,042 (2021 - £1,818,261).

The directors do not recommend payment of a further dividend in addition to the £3,461,579 (2021 - £1,818,608) already paid to shareholders in the year.

**Directors**

The Directors who served during the year were:

D Maclean
K Ruddle
G Spackman

**Engagement with employees**

We continually invest in employee training, development and wellbeing. The Company engages with employees via a variety of communications, consultation and participation activities. We endeavour to create an environment where people can develop their skills and career and feel engaged and part of a successful business.

**Qualifying third party indemnity provisions**

During the year ended 30 June 2022 and at the date of this report, the Company has made an indemnity for the benefit of the directors which is a qualifying indemnity provision for the purposes of Section 234 of the Companies Act 2006.

**Matters covered in the Strategic report**

The business review, including key performance indicators and principal risks and uncertainties are disclosed within the Strategic Report.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

### Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to 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.

### Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

### Auditors

The directors, having been notified of the cessation of the partnership known as Dains LLP, resolved that Dains Audit Limited be appointed as successor auditor with effect from 1 April 2022. The auditors, Dains Audit Limited, will be proposed for reapproinment in accordance with section 485 of the Companies Act 2006.

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

DocuSigned by:

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**D Maclean**
Director

Date: 23rd March 2023

## Independent auditors' report to the members of Packt Publishing Limited

### Opinion

We have audited the financial statements of Packt Publishing Limited (the 'Company') for the year ended 30 June 2022, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2022 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.

### 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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.

### Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The Directors are responsible for the other information contained within the Annual Report. 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.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or 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 set out on page 4, 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.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Dains Audit Limited

Andrew Morris FCA (Senior statutory auditor)

for and on behalf of
**Dains Audit Limited**

Statutory Auditor
Chartered Accountants

Birmingham
Date:

## Statement of comprehensive income
**For the year ended 30 June 2022**

| | Note | 2022 £ | 2021 £ |
|---|---|---|---|
| Turnover | 4 | **20,832,595** | 18,827,789 |
| Cost of sales | | **(7,402,592)** | (7,215,782) |
| **Gross profit** | | **13,430,003** | 11,612,007 |
| Administrative expenses | | **(10,034,065)** | (9,351,750) |
| Other operating income | 5 | **-** | 11,630 |
| **Operating profit** | 6 | **3,395,938** | 2,271,887 |
| Tax on profit | 9 | **(646,896)** | (453,626) |
| **Profit for the financial year** | | **2,749,042** | 1,818,261 |

There was no other comprehensive income for 2022 (2021: £NIL).

The notes on pages 14 to 28 form part of these financial statements.

**Packt Publishing Limited**
**Registered number:04759694**

**Balance sheet**
**As at 30 June 2022**

| | Note | | 2022 £ | | 2021 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 11 | | **5,618** | | 6,554 |
| Tangible assets | 12 | | **28,633** | | 8,066 |
| | | | **34,251** | | 14,620 |
| **Current assets** | | | | | |
| Stocks | 13 | **507,196** | | 411,779 | |
| Debtors: amounts falling due within one year | 14 | **3,962,055** | | 3,556,802 | |
| Cash at bank and in hand | 15 | **3,969,139** | | 4,541,001 | |
| | | **8,438,390** | | 8,509,582 | |
| Creditors: amounts falling due within one year | 16 | **(5,890,107)** | | (5,229,131) | |
| **Net current assets** | | | **2,548,283** | | 3,280,451 |
| **Net assets** | | | **2,582,534** | | 3,295,071 |
| **Capital and reserves** | | | | | |
| Called up share capital | 18 | | **20,000** | | 20,000 |
| Profit and loss account | 19 | | **2,562,534** | | 3,275,071 |
| | | | **2,582,534** | | 3,295,071 |

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

DocuSigned by:
783AEAAED56E480

**D Maclean**
Director

Date: 23rd March 2023

The notes on pages 14 to 28 form part of these financial statements.

**Packt Publishing Limited**

**Statement of changes in equity**
**For the year ended 30 June 2022**

| | Called up share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £ | £ | £ |
| **At 1 July 2020** | **20,000** | **3,275,418** | **3,295,418** |
| **Comprehensive income for the year** | | | |
| Profit for the year | - | **1,818,261** | **1,818,261** |
| Dividends paid | - | **(1,818,608)** | **(1,818,608)** |
| **At 1 July 2021** | **20,000** | **3,275,071** | **3,295,071** |
| ***Comprehensive income for the year*** | | | |
| Profit for the year | - | **2,749,042** | **2,749,042** |
| Dividends paid | - | **(3,461,579)** | **(3,461,579)** |
| **At 30 June 2022** | **20,000** | **2,562,534** | **2,582,534** |

The notes on pages 14 to 28 form part of these financial statements.

**Packt Publishing Limited**

**Statement of cash flows**
**For the year ended 30 June 2022**

| | 2022 £ | 2021 £ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit for the financial year | **2,749,042** | 1,818,261 |
| **Adjustments for:** | | |
| Amortisation of intangible assets | **936** | 937 |
| Depreciation of tangible assets | **14,167** | 17,949 |
| Profit on disposal of tangible assets | **-** | (2,888) |
| Taxation charge | **646,896** | 453,626 |
| (Increase)/decrease in stocks | **(95,417)** | 125,315 |
| (Increase)/decrease in debtors | **(469,626)** | 859,925 |
| Increase in creditors | **647,769** | 747,087 |
| Corporation tax paid | **(569,316)** | (585,681) |
| **Net cash generated from operating activities** | **2,924,451** | 3,434,531 |
| **Cash flows from investing activities** | | |
| Purchase of tangible fixed assets | **(34,734)** | (1,854) |
| Sale of tangible fixed assets | **-** | 4,000 |
| **Net cash from investing activities** | **(34,734)** | 2,146 |
| **Cash flows from financing activities** | | |
| Dividends paid | **(3,461,579)** | (1,818,608) |
| **Net cash used in financing activities** | **(3,461,579)** | (1,818,608) |
| **Net (decrease)/increase in cash and cash equivalents** | **(571,862)** | 1,618,069 |
| Cash and cash equivalents at beginning of year | **4,541,001** | 2,922,932 |
| **Cash and cash equivalents at the end of year** | **3,969,139** | 4,541,001 |
| **Cash and cash equivalents at the end of year comprise:** | | |
| Cash at bank and in hand | **3,969,139** | 4,541,001 |

The notes on pages 14 to 28 form part of these financial statements.

**Packt Publishing Limited**

**Analysis of Net Debt**
**For the year ended 30 June 2022**

| | At 1 July 2021 £ | Cash flows £ | At 30 June 2022 £ |
|---|---|---|---|
| Cash at bank and in hand | **4,541,001** | **(571,862)** | **3,969,139** |

The notes on pages 14 to 28 form part of these financial statements.

## 1. General information

Packt Publishing Limited is a private company limited by shares and incorporated in England and Wales. The registered number and address of the registered office are given on the Company Information page. The principal activity of the Company is the publication of e-books and electronic information.

## 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 following principal accounting policies have been applied:

### 2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is recognised on the despatch of books, e-books and videos or over the term of a subscription on a straight-line basis where appropriate.

### 2.3 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

| | | | |
|---|---|---|---|
| Computer software | - | 10 | years |

### 2.4 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.

## 2. Accounting policies (continued)

### 2.4 Tangible fixed assets (continued)

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:

| | | |
|---|---|---|
| Fixtures and fittings | - | 33% straight-line |
| Computer equipment | - | 33% straight-line |

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 profit or loss.

### 2.5 Stocks

Stocks consist of time spent producing titles for future distribution and are stated at the lower of cost and net realisable value.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to the expected future title revenue. The impairment loss is recognised immediately in profit or loss.

### 2.6 Debtors

Short-term debtors are measured at transaction price, less any impairment.

### 2.7 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

## 2. Accounting policies (continued)

### 2.8 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.

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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet 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.

### 2.9 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.

### 2.10 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure. This includes amounts receivable under the Coronavirus Job Retention Scheme ("CJRS") to reimburse the Company for the wages of certain employees who were furloughed during the period but who remained on the Company's payroll.

As this scheme involves a transfer of resources from government to the entity, it meets the definition of a government grant. The scheme is designe to compensate for staff costs, so amounts received are recognised in the income statement over the same period as the costs to which they relate.

## 2. Accounting policies (continued)

### 2.11 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.

### 2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

### 2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

### 2.14 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

### 2.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

## 2. Accounting policies (continued)

### 2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet 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 balance sheet 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 balance sheet date.

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

Preparation of the financial statements requires management to make significant judgements and estimates. The areas where these judgements and estimates have been made include:

**Amortisation of stock**

Management amortise titles in stock over a sales curve which has been determined based on historical title performance data and past trends. This useful economic life is assessed by reference to the anticipated minimum period over which the product is expected to generate future economic benefits for the Company.

**Impairment of author advances**

Advances paid to authors held in debtors are considered to be obsolete in line with the length of the product sales curve. Advances are impaired where the sales data indicates that insufficient royalties will be generated to clear the advance down over the lifetime of the product.

## 4. Turnover

An analysis of turnover by class of business is as follows:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Publication and distribution of books and electronic information | **20,832,595** | 18,827,789 |

Analysis of turnover by country of destination:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| United Kingdom | **2,166,731** | 1,542,250 |
| Rest of Europe | **2,817,378** | 2,721,523 |
| Rest of the world | **15,848,486** | 14,564,016 |
| | **20,832,595** | 18,827,789 |

## 5. Other operating income

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Government grants receivable | **-** | 11,630 |

Other operating income received in the prior year comprised amounts receivable under the Coronavirus Job Retention Scheme ("CJRS") to reimburse the Company for the wages of certain employees who were furloughed during the prior period but who remained on the Company's payroll.

## 6. Operating profit

The operating profit is stated after charging:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Profit on disposal of tangible assets | **-** | 2,088 |
| Depreciation of tangible fixed assets | **14,167** | 17,949 |
| Amortisation of intangible fixed assets | **936** | 937 |
| Auditor's remuneration | **15,750** | 15,000 |
| Exchange differences | **(89,958)** | 514,219 |
| Operating lease rentals | **52,112** | 147,597 |
| Defined contribution pension cost | **301,945** | 277,234 |

## 7. Employees

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

| | 2022 £ | 2021 £ |
|---|---|---|
| Wages and salaries | **3,642,836** | 3,504,907 |
| Social security costs | **348,022** | 298,287 |
| Pension costs | **301,945** | 277,234 |
| | **4,292,803** | 4,080,428 |

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

| | 2022 No. | 2021 No. |
|---|---|---|
| Average number of employees | **64** | 65 |

## 8. Directors' remuneration

| | 2022 £ | 2021 £ |
|---|---|---|
| Directors' emoluments | **258,210** | 279,878 |
| Directors' pension contributions | **15,000** | 15,000 |
| | **273,210** | 294,878 |

During the year retirement benefits were accruing to 1 Director (2021 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £170,000 (2021 - £170,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £15,000 (2021 - £15,000).

## 9. Taxation

| | 2022 £ | 2021 £ |
|---|---|---|
| **Corporation tax** | | |
| *Current tax on profits for the year* | **636,615** | 429,895 |
| Adjustments in respect of previous periods | **-** | (76) |
| | **636,615** | 429,819 |
| Double taxation relief | **(64,536)** | (57,593) |
| | **572,079** | 372,226 |
| **Foreign tax** | | |
| Foreign tax on income | **64,316** | 88,065 |
| **Total current tax** | **636,395** | 460,291 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | **10,501** | (5,139) |
| Adjustments in respect of previous periods | **-** | 1 |
| Effect of tax rate change on the opening balance | **-** | (1,527) |
| **Total deferred tax** | **10,501** | (6,665) |
| **Taxation on profit** | **646,896** | 453,626 |

## 9. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Profit before tax | **3,395,938** | 2,271,887 |
| Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%) | **645,228** | 431,659 |
| **Effects of:** | | |
| Fixed asset differences | **(2,331)** | - |
| Expenses not deductible for tax purposes | **352** | 105 |
| Other permanent differences | **-** | (5,774) |
| Foreign tax (credits)/charges | **(220)** | 30,472 |
| Adjustments to tax charge in respect of prior periods | **-** | (76) |
| Remeasurement of deferred tax for changes in rates | **2,095** | (2,760) |
| Movement in deferred tax not recognised | **1,772** | - |
| ***Total tax charge for the year*** | **646,896** | 453,626 |

### Factors that may affect future tax charges

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. The proposal to increase the rate to 25% had been substantively enacted at the company's balance sheet date, therefore its effects have been included in these financial statements.

## 10. Dividends

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Dividends paid | **3,461,579** | 1,818,608 |

## 11. Intangible assets

| | Computer software £ |
|---|---|
| **Cost** | |
| At 1 July 2021 | **11,704** |
| At 30 June 2022 | **11,704** |
| **Amortisation** | |
| At 1 July 2021 | **5,150** |
| Charge for the year | **936** |
| At 30 June 2022 | **6,086** |
| **Net book value** | |
| At 30 June 2022 | **5,618** |
| At 30 June 2021 | 6,554 |

## 12. Tangible fixed assets

| | Fixtures and fittings £ | Computer equipment £ | Total £ |
|---|---|---|---|
| **Cost** | | | |
| At 1 July 2021 | **8,372** | **26,370** | **34,742** |
| Additions | **-** | **34,734** | **34,734** |
| At 30 June 2022 | **8,372** | **61,104** | **69,476** |
| **Depreciation** | | | |
| At 1 July 2021 | **8,144** | **18,532** | **26,676** |
| Charge for the year | **228** | **13,939** | **14,167** |
| At 30 June 2022 | **8,372** | **32,471** | **40,843** |
| **Net book value** | | | |
| At 30 June 2022 | **-** | **28,633** | **28,633** |
| At 30 June 2021 | 228 | 7,838 | 8,066 |

## 13. Stocks

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Work in progress | **87,425** | 85,459 |
| Finished goods | **419,771** | 326,320 |
| | **507,196** | 411,779 |

An impairment loss of £91,693 (2021: £86,921) was recognised in cost of sales against stock during the year in respect of old or terminated products.

## 14. Debtors

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Trade debtors | **1,403,195** | 1,422,642 |
| Amounts owed by related parties | **93,660** | 8,486 |
| Other debtors | **18,358** | 250 |
| Prepayments and accrued income | **2,445,842** | 2,060,051 |
| Tax recoverable | **-** | 53,872 |
| Deferred taxation | **1,000** | 11,501 |
| | **3,962,055** | 3,556,802 |

Amounts owed by related parties are unsecured and repayable on demand. No interest is charged on the amounts as they are trading balances with no fixed term repayment.

## 15. Cash and cash equivalents

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Cash at bank and in hand | **3,969,139** | 4,541,001 |

## 16. Creditors: Amounts falling due within one year

| | 2022 £ | 2021 £ |
|---|---|---|
| Trade creditors | **551,985** | 531,132 |
| Amounts owed to related parties | **2,562,626** | 1,920,284 |
| Corporation tax | **13,207** | - |
| Other taxation and social security | **119,383** | 116,503 |
| Other creditors | **51,566** | 40,886 |
| *Accruals and deferred income* | **2,591,340** | 2,620,326 |
| | **5,890,107** | 5,229,131 |

Amounts owed to related parties are unsecured and repayable on demand. No interest is charged on the amounts as they are trading balances with no fixed term repayment.

## 17. Deferred taxation

| | 2022 £ | 2021 £ |
|---|---|---|
| At beginning of year | **11,501** | 4,836 |
| Charged to profit or loss | **(10,501)** | 6,665 |
| **At end of year** | **1,000** | 11,501 |

The deferred tax asset is made up as follows:

| | 2022 £ | 2021 £ |
|---|---|---|
| Accelerated capital allowances | **(7,000)** | (32) |
| Short term timing differences | **8,000** | 11,533 |
| | **1,000** | 11,501 |

## 18. Share capital

| | 2022 £ | 2021 £ |
|---|---|---|
| **Allotted, called up and fully paid** | | |
| 40,000 (2021 - 40,000) Ordinary Shares shares of £0.50 each | **20,000** | 20,000 |

There are two classes of shares, Ordinary A shares and Ordinary B shares, both classes have no restrictions on dividends. The Ordinary A shares have no restrictions on capital and the Ordinary B shares have limited capital rights only.

## 19. Reserves

### Other reserves

Represents accumulated share based payment charges.

### Profit and loss account

Represents cumulative profits and losses to date, net of dividends paid and other adjustments.

## 20. Pension commitments

The Company operates a defined contribution 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 £301,945 (2021: £277,234). Amounts totaling £43,827 (2021: £40,886) were outstanding at the balance sheet date and are included in creditors.

## 21. Commitments under operating leases

At 30 June 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2022 £ | 2021 £ |
|---|---|---|
| Not later than 1 year | **84,201** | 5,018 |
| Later than 1 year and not later than 5 years | **3,915** | - |
| | **88,116** | 5,018 |

## 22. Related party transactions

Dividends were paid to directors in the year as follows:

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| D Maclean | **1,297,000** | 917,500 |

**Transactions with key management personnel**

See note 8 for disclosure of the directors' remuneration and therefore key management compensation.

**Transactions with related parties**

Packt Publishing Private Limited is considered a related party due to the common majority ownership of the two companies by D Maclean. During the year ended 30 June 2022, the Company incurred costs in relation to salary recharges of £3,627,989 (2021: £2,999,948) to Packt Publishing Private Limited and editorial costs of £210,496 (2021: £240,608). The Company had an outstanding creditor balance of £2,562,626 (2021: £1,920,2840) owed to Packt Publishing Private Limited at the balance sheet date.

Packt Learning Solutions Private Limited is considered a related party due to the common majority ownership of the two companies by D Maclean. The Company had an outstanding debtor balance of £81,827 (2021: £2,044) owed by Packt Learning Solutions Private Limited at the balance sheet date

Longrow Capital Limited is also considered a related party due to the common control. The Company paid dividends of £1,991,500 (2021: £805,000) to Longrow Capital Limited during the year. The Company had an outstanding debtor balance of £11,833 (2021: £6,442) due from Longrow Capital Limited at the balance sheet date.

## 23. Controlling party

The ultimate controlling party is D Maclean by virtue of his majority shareholding.