

Registered number: 04759694

Packt Publishing Limited

Directors' report and financial statements

For the year ended 30 June 2023



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Packt Publishing Limited

Company Information

Directors	D Maclean K Ruddle G Spackman
Company secretary	S Kay
Registered number	04759694
Registered office	Grosvenor House 11 St. Pauls Square Birmingham B3 1RB
Independent auditors	Dains Audit Limited 15 Colmore Row Birmingham B3 2BH

Packt Publishing Limited

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Packt Publishing Limited

Strategic report For the year ended 30 June 2023

Introduction

The directors present their Strategic report for the year ended 30 June 2023.

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 2023.

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.

We are evolving our AI capabilities to create further opportunities to maximise the potential of our trusted, proprietary content, whilst also exploring opportunities to consider how we can continue to leverage innovative AI technology to drive further efficiencies across the business.

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.

Packt Publishing Limited

Strategic report (continued)
For the year ended 30 June 2023

Financial key performance indicators

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

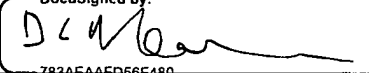
KPIs	Target	2023	2022	Movement	
		£'000	£'000	£'000	%
Revenue	Revenue growth above the market	23,708	20,833	2,875	13.8
Operating Profit	Improve profitability margins	3,719	3,396	323	9.5

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: 25-Mar-24 | 1:09 PM GMT

Packt Publishing Limited

Directors' report For the year ended 30 June 2023

The Directors present their report and the financial statements for the year ended 30 June 2023.

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.

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 £2,967,740 (2022 - £2,749,042).

The directors do not recommend payment of a further dividend in addition to the £3,062,000 (2022 - £3,461,579) 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.

Packt Publishing Limited

Directors' report (continued) For the year ended 30 June 2023

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.

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.

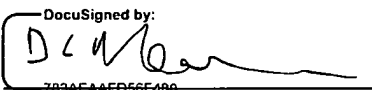
Post balance sheet events

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

Auditors

The auditors, Dains Audit Limited, 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.

DocuSigned by:

783AEAAFD56F480...
D Maclean
Director

Date: 25-Mar-24 | 1:09 PM GMT

Packt Publishing Limited

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 2023, 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 2023 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.

Packt Publishing Limited

Independent auditors' report to the members of Packt Publishing Limited (continued)

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 3, 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.

Packt Publishing Limited

Independent auditors' report to the members of Packt Publishing Limited (continued)

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.

Packt Publishing Limited

Independent auditors' report to the members of Packt Publishing Limited (continued)

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: *25 March 2024*

Packt Publishing Limited**Statement of comprehensive income
For the year ended 30 June 2023**

	Note	2023 £	2022 £
Turnover	4	23,708,317	20,832,595
Cost of sales		(8,675,127)	(7,402,592)
Gross profit		15,033,190	13,430,003
Administrative expenses		(11,313,996)	(10,034,065)
Operating profit	5	3,719,194	3,395,938
Share of associate's profit		12,889	-
Profit before tax		3,732,083	3,395,938
Tax on profit	8	(764,343)	(646,896)
Profit for the financial year		2,967,740	2,749,042

There was no other comprehensive income for 2023 (2022: £NIL).

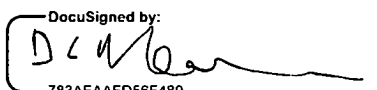
The notes on pages 14 to 28 form part of these financial statements.

Packt Publishing Limited
Registered number:04759694

Balance sheet
As at 30 June 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	10	4,682	5,618
Tangible assets	11	17,448	28,633
Investments	12	529,286	-
		<u>551,416</u>	<u>34,251</u>
Current assets			
Stocks	13	549,650	507,196
Debtors: amounts falling due within one year	14	3,802,112	3,962,055
Cash at bank and in hand	15	4,536,646	3,969,139
		<u>8,888,408</u>	<u>8,438,390</u>
Creditors: amounts falling due within one year	16	(6,565,853)	(5,890,107)
Net current assets		<u>2,322,555</u>	<u>2,548,283</u>
Net assets		<u><u>2,873,971</u></u>	<u><u>2,582,534</u></u>
Capital and reserves			
Called up share capital	18	20,433	20,000
Share premium account	19	385,264	-
Profit and loss account	19	2,468,274	2,562,534
		<u><u>2,873,971</u></u>	<u><u>2,582,534</u></u>

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: 25-Mar-24 | 1:09 PM GMT

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 2023**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
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
Contributions by and distributions to owners				
Dividends paid	-	-	(3,461,579)	(3,461,579)
At 1 July 2022	20,000	-	2,562,534	2,582,534
Comprehensive income for the year				
Profit for the year	-	-	2,967,740	2,967,740
Contributions by and distributions to owners				
Dividends paid	-	-	(3,062,000)	(3,062,000)
Shares issued	433	385,264	-	385,697
At 30 June 2023	20,433	385,264	2,468,274	2,873,971

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 2023**

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	2,967,740	2,749,042
Adjustments for:		
Amortisation of intangible assets	936	936
Depreciation of tangible assets	13,734	14,167
Share of associate's profit	(12,889)	-
Taxation charge	764,343	646,896
Increase in stocks	(42,454)	(95,417)
Decrease/(increase) in debtors	162,943	(469,626)
Increase in creditors	638,121	647,769
Corporation tax paid	(729,718)	(569,316)
Net cash generated from operating activities	3,762,756	2,924,451
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,549)	(34,734)
Purchase of investments	(516,397)	-
Net cash from investing activities	(518,946)	(34,734)
Cash flows from financing activities		
Issue of ordinary shares	385,697	-
Dividends paid	(3,062,000)	(3,461,579)
Net cash used in financing activities	(2,676,303)	(3,461,579)
Net increase/(decrease) in cash and cash equivalents	567,507	(571,862)
Cash and cash equivalents at beginning of year	3,969,139	4,541,001
Cash and cash equivalents at the end of year	4,536,646	3,969,139
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,536,646	3,969,139

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 2023**

	At 1 July 2022 £	Cash flows £	At 30 June 2023 £
Cash at bank and in hand	3,969,139	567,507	4,536,646

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

Packt Publishing Limited

Notes to the financial statements For the year ended 30 June 2023

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.

Packt Publishing Limited**Notes to the financial statements
For the year ended 30 June 2023**

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 Associates

Investments in associates are accounted for under the equity method. An equity investment is initially recognised at the transaction price and is subsequently adjusted to reflect the company's share of the profit or loss, other comprehensive income and equity of the associate.

2.6 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.

2.7 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.

2.8 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.

Packt Publishing Limited

Notes to the financial statements For the year ended 30 June 2023

2. Accounting policies (continued)

2.9 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Company's Balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Packt Publishing Limited

Notes to the financial statements For the year ended 30 June 2023

2. Accounting policies (continued)

2.10 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.

2.11 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.

Packt Publishing Limited

Notes to the financial statements For the year ended 30 June 2023

2. Accounting policies (continued)

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.

2.16 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.

Packt Publishing Limited**Notes to the financial statements
For the year ended 30 June 2023****4. Turnover**

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

	2023 £	2022 £
Publication and distribution of books and electronic information	<u>23,708,317</u>	<u>20,832,595</u>

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	2,539,539	2,166,731
Rest of Europe	2,970,492	2,817,378
Rest of the world	18,198,286	15,848,486
	<u>23,708,317</u>	<u>20,832,595</u>

5. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Depreciation of tangible fixed assets	13,734	14,167
Amortisation of intangible fixed assets	936	936
Auditor's remuneration	19,050	17,325
Exchange differences	377,000	(89,958)
Operating lease rentals	95,856	52,112
Defined contribution pension cost	<u>331,076</u>	<u>301,945</u>

Packt Publishing Limited**Notes to the financial statements
For the year ended 30 June 2023****6. Employees**

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

	2023 £	2022 £
Wages and salaries	3,821,186	3,642,836
Social security costs	352,393	348,022
Pension contributions	331,076	301,945
	<u>4,504,655</u>	<u>4,292,803</u>

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

	2023 No.	2022 No.
Average number of employees	<u>60</u>	<u>64</u>

7. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	240,032	258,210
Company contributions to pension schemes	26,250	15,000
	<u>266,282</u>	<u>273,210</u>

During the year retirement benefits were accruing to 1 Director (2022 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £170,000 (2022 - £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 £26,250 (2022 - £15,000).

Packt Publishing Limited**Notes to the financial statements
For the year ended 30 June 2023****8. Taxation**

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	766,435	636,615
Adjustments in respect of previous periods	908	-
	767,343	636,615
Double taxation relief	(74,787)	(64,536)
	692,556	572,079
Foreign tax		
Foreign tax on income for the year	74,787	64,316
Total current tax	767,343	636,395
Deferred tax		
Origination and reversal of timing differences	(3,000)	10,501
Total deferred tax	(3,000)	10,501
Tax on profit	764,343	646,896

Packt Publishing Limited**Notes to the financial statements
For the year ended 30 June 2023****8. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2022 - higher than) the effective rate of corporation tax in the UK of 20.5% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit before tax	3,732,083	3,395,938
Profit multiplied by effective rate of corporation tax in the UK of 20.5% (2022 - 19%)	758,854	645,228
Effects of:		
Fixed asset differences	(126)	(2,331)
Expenses not deductible for tax purposes	5,246	352
Foreign tax (credits)/charges	-	(220)
Remeasurement of deferred tax for changes in rates	(539)	2,095
Movement in deferred tax not recognised	-	1,772
Adjustments to tax charge in respect of prior periods	908	-
Total tax charge for the year	764,343	646,896

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 would increase to 25%. As the rate increase to 25% had been enacted at the company's balance sheet date, its effects have been included in these financial statements.

9. Dividends

	2023 £	2022 £
Dividends paid	3,062,000	3,461,579

Packt Publishing Limited**Notes to the financial statements
For the year ended 30 June 2023****10. Intangible assets**

	Computer software £
Cost	
At 1 July 2022	11,704
At 30 June 2023	<u>11,704</u>
Amortisation	
At 1 July 2022	6,086
Charge for the year	936
At 30 June 2023	<u>7,022</u>
Net book value	
At 30 June 2023	<u><u>4,682</u></u>
At 30 June 2022	<u><u>5,618</u></u>

Packt Publishing Limited**Notes to the financial statements
For the year ended 30 June 2023****11. Tangible fixed assets**

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 July 2022	8,372	61,104	69,476
Additions	-	2,549	2,549
Disposals	(8,372)	(24,317)	(32,689)
At 30 June 2023	-	39,336	39,336
Depreciation			
At 1 July 2022	8,372	32,471	40,843
Charge for the year	-	13,734	13,734
Disposals	(8,372)	(24,317)	(32,689)
At 30 June 2023	-	21,888	21,888
Net book value			
At 30 June 2023	-	17,448	17,448
At 30 June 2022	-	28,633	28,633

12. Fixed asset investments

	Investments in associates £
Cost	
Additions	516,397
Share of profit/(loss)	12,889
At 30 June 2023	529,286

Packt Publishing Limited**Notes to the financial statements
For the year ended 30 June 2023****13. Stocks**

	2023 £	2022 £
Work in progress	74,764	87,425
Finished goods	474,886	419,771
	<u>549,650</u>	<u>507,196</u>

An impairment loss of £111,599 (2022: £91,693) was recognised in cost of sales against stock during the year in respect of old or terminated products.

14. Debtors

	2023 £	2022 £
Trade debtors	1,315,525	1,403,195
Amounts owed by related parties	12,227	93,660
Other debtors	15,404	18,358
Prepayments and accrued income	2,454,956	2,445,842
Deferred taxation	4,000	1,000
	<u>3,802,112</u>	<u>3,962,055</u>

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

	2023 £	2022 £
Cash at bank and in hand	<u>4,536,646</u>	<u>3,969,139</u>

Packt Publishing Limited**Notes to the financial statements
For the year ended 30 June 2023****16. Creditors: Amounts falling due within one year**

	2023	2022
	£	£
Trade creditors	492,873	551,985
Amounts owed to related parties	2,963,412	2,562,626
Corporation tax	50,832	13,207
Other taxation and social security	94,290	119,383
Other creditors	41,205	51,566
Accruals and deferred income	2,923,241	2,591,340
	<u>6,565,853</u>	<u>5,890,107</u>

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

	2023	2022
	£	£
At beginning of year	1,000	11,501
Charged to profit or loss	3,000	(10,501)
At end of year	<u>4,000</u>	<u>1,000</u>

The deferred tax asset is made up as follows:

	2023	2022
	£	£
Accelerated capital allowances	(4,000)	(7,000)
Short term timing differences	8,000	8,000
	<u>4,000</u>	<u>1,000</u>

Packt Publishing Limited**Notes to the financial statements
For the year ended 30 June 2023****18. Share capital**

	2023 £	2022 £
Allotted, called up and fully paid		
40,866 (2022 - 40,000) Ordinary shares of £0.50 each	20,433	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**Share premium account**

The share premium account represents the difference between the par value of the shares issued and the subscription or issue price.

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 £331,076 (2022: £301,945). Amounts totaling £41,044 (2022: £43,827) were outstanding at the balance sheet date and are included in creditors.

21. Commitments under operating leases

At 30 June 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	9,340	84,201
Later than 1 year and not later than 5 years	16,345	3,915
	25,685	88,116

Packt Publishing Limited

Notes to the financial statements For the year ended 30 June 2023

22. Related party transactions

Transactions with directors

During the year, dividends of £1,769,010 (2022: £1,297,000) were paid to directors.

Transactions with key management personnel

See note 7 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 2023, the Company incurred costs in relation to salary recharges of £4,204,159 (2022: £3,627,989) from Packt Publishing Private Limited. The Company had an outstanding creditor balance of £2,963,412 (2022: £2,562,626) owed to Packt Publishing Private Limited at the balance sheet date. Also during the year, the Company purchased a participating interest in Packt Publishing Private Limited for consideration of £516,397.

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 £Nil (2022: £81,827) owed by Packt Learning Solutions Private Limited at the balance sheet date

Longrow Capital Limited is also considered a related party due to common control. The Company paid dividends of £1,127,508 (2022: £1,991,500) to Longrow Capital Limited during the year. The Company had an outstanding debtor balance of £12,227 (2022: £11,833) due from Longrow Capital Limited at the balance sheet date.

23. Controlling party

At 30 June 2023, the Directors considered the ultimate controlling party to be D Maclean by virtue of his majority shareholding.