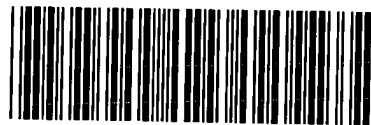


Registration number: 03599896

Emerald Group Holdings Limited
Annual Report and Consolidated Financial Statements
for the year ended 31 December 2020

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Emerald Group Holdings Limited
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for the year ended 31 December 2020

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Emerald Group Holdings Limited
COMPANY INFORMATION
for the year ended 31 December 2020

DIRECTORS

R L Bevan
S G Cox
M Fojt
Dr K Howard
P G Meredith
J R Waterhouse
V Williams
J Yates

COMPANY SECRETARY

E Tregenza

REGISTERED OFFICE

Howard House
Wagon Lane
Bingley
West Yorkshire
BD16 1WA

SOLICITORS

DLA Piper UK LLP
Princes Exchange
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LS1 4BY

Gordons LLP
Riverside West
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Leeds
LS1 4AW

BANKERS

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PO Box 224
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Bradford
BD1 1NR

HSBC plc
33 Park Row
Leeds
LS1 1LD

INDEPENDENT AUDITOR

BDO LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

Emerald Group Holdings Limited

STRATEGIC REPORT

for the year ended 31 December 2020

BUSINESS REVIEW

The group's revenue increased by £1.9m (3.2%). Growth was driven by Emerald Works (£2.1m) aided by the full year effect of the acquisition of Mind Tools in March 2019. Revenue in Emerald Publishing declined by £0.2m which reflects a decrease in revenue in its core journal, books and cases publishing business.

Adjusting for movements on the fair value of derivatives and one-off charges, earnings before interest, tax, depreciation, amortisation and exceptional items ("adjusted EBITDA") margin was 25.1% compared to 18.6% in the prior year.

During 2020 the group's operations were impacted by the global COVID-19 pandemic. The company's UK offices were closed in March 2020 and are not expected to re-open until at least June 2021. Similarly, our global offices have also had significant periods of closure during the year. During this time operations were successfully shifted to full time home working with no operational disruption being incurred. However, the resulting lack of travel for our sales staff, cancellation of conferences and some temporary closures of university campuses all contributed to disruption to the global scholarly publishing market and the higher education sector more broadly as well as the corporate markets served by Emerald Works. However, the group also experienced a number of associated cost reductions in the year, particularly on staff travel and conferences, which more than offset the pressures on revenue in the year.

Despite the above, the group continued with its technology investment programme to ensure that it remains abreast of changing market demands and customer needs on both sides of the group.

The group's key financial and other performance indicators during the year are shown below.

	2020	2019
	£'000	£'000
Revenue	61,683	59,792
Adjusted earnings before interest, tax, depreciation, amortisation and exceptional items	15,507	11,141
Operating profit	7,979	3,054
Net assets	13,744	9,747

At 31st December 2020, the company had net assets of £34,973k (2019: £34,196k).

OBJECTIVES AND POLICIES

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

The group receives income in Sterling, US Dollars, Euros and other currencies, and endeavours to mitigate currency risk through the use of forward exchange contracts.

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

PRINCIPAL RISKS AND UNCERTAINTIES

The group operates in the UK and overseas. The diverse nature of the group's geographical markets reduces the risk of any adverse political or economic conditions. The group is not strategically dependent on any one customer. Additionally, the acquisition in the prior year of Mind Tools diversified the group's operations by increasing exposure to corporate markets, particularly in the US.

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

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

The principal risks and uncertainties facing the group include:

1. **Currency risk:** the group's principal risk is currency volatility. This is mitigated by hedging the group's net currency flows 12 – 18 months in advance.
2. **Technological change:** the technology needs across the group and its customers continue to evolve, requiring regular review of the group's technology strategy and appropriate investment. This is mitigated by ongoing investment in new technology solutions and product offerings. The technology strategy is regularly reviewed by the board, with major projects requiring board approval.
3. **Business disruption due to key supplier failure:** this is mitigated by using multiple suppliers where possible and practical. All significant new suppliers are subjected to detailed reviews to ensure the group's supply chain is robust and credit checks are performed regularly on key suppliers. The group is not strategically dependent on any one supplier.
4. **Market disruption due to Open Science:** The academic publishing market continues to move towards a more Open publishing route. This is mitigated through the launch of our new Open Science Gateway – Emerald Open Research, investment in open content workflows, and continued review of our content and publishing strategy.
5. **Market or operational disruption due to COVID-19:** The COVID-19 pandemic has impacted the business by putting pressure on university budgets and accelerating a decline in the global print book market. The risk to Emerald is mitigated by the global nature of the business, with some regions less affected by the pandemic than others, as well as the increased diversification into the corporate learning market through Emerald Works. The risk is also mitigated by the increasingly digital nature of the group which places less reliance on physical goods meaning there are no significant supply chain implications.
6. **Brexit:** The group has done an analysis on the impacts of Brexit and has considered that there is minimal risk due to there being low reliance on physical supply chains and the ease of supplying digital products between borders. To date, no customers have indicated any reluctance to purchase from the group relating to Brexit.

PRICE RISK, CREDIT RISK, LIQUIDITY RISK AND CASH FLOW RISK

The group finances its operations through a combination of bank loans, shareholders' funds and cash. Major expenditure on fixed and intangible assets is financed by the group's revolving credit facility with its banks. Working capital requirements are funded out of the group's commercial operations. The group has a partially utilised bank facility at year end and performance has consistently provided a healthy level of covenant headroom associated with the loan and this is expected to continue.

The group receives income in Sterling, US Dollars, Euros and other currencies and endeavours to offset currency risk through the use of forward exchange contracts. The group does not carry significant credit risk as most products are sold via subscription, for which payment is received in advance.

The group has net current liabilities of £25,469k (2019: £34,993k) at year end. The liabilities mainly relate to a revolving credit facility and deferred income (see note 19 for a breakdown) as payment is usually received from customers in advance. The net current liability position is therefore not considered a going concern risk.

The group's revolving credit facility is due to expire in November 2021. The group has low leverage and currently has a number of offers in principle to renew this facility, so does not consider liquidity caused by lack of access to funding to be a risk.

CHARITABLE DONATIONS

During the year the group made charitable donations of £1,200k (2019: £1,811k) to the Emerald Foundation. The Emerald Foundation is a charity on which a number of directors of the company serve as trustees.

EMPLOYEE INVOLVEMENT

The group employed an average of 451 people (2019: 444) across its global operations during 2020. The group takes its health and safety and environmental responsibilities seriously and is proud of its record in this regard.

The group communicates openly and regularly with employees, consulting directly in order for employees' views to be considered when making decisions that are likely to affect their interests. This is done through a variety of methods including anonymous surveys, engagement groups and encouraging an open and inclusive culture across the group.

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

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

Emerald Group Holdings Limited

STRATEGIC REPORT (continued)

for the year ended 31 December 2020

The group's policy is to provide equal opportunities for employment. In employment related decisions the group complies with anti-discrimination requirements concerning matters of race, colour, national origin, marital status, sexual orientation, religious belief, age or physical or mental ability.

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

Given the difficulties of 2020 as a result of the pandemic, both physical and mental wellbeing has been a key priority for the organisation, and recognition for our commitment to staff wellbeing and mental health was reflected by being awarded Silver in the Mind Workplace Wellbeing Awards in May 2020.

COMPANIES ACT 2006 s172 REPORTING

This report sets out how we have applied and complied with the UK Corporate Governance Code 2016 in the financial year end 31st December 2020.

Risk management and strategy

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

Community and the environment

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

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

Business relationships

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

Employees

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

LAWS AND REGULATIONS

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

Approved by the Board on 25 May 2021 and signed on its behalf by:



S G Cox - Director

Emerald Group Holdings Limited

DIRECTORS' REPORT

for the year ended 31 December 2020

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the group remains the dissemination of research and the provision of learning resources.

- Emerald Publishing Limited, the largest subsidiary in the group, publishes academic journals, books and case studies, which are distributed globally both in print and digital format; and
- Emerald Works Limited services the corporate community with the development and sale of a range of leadership and management learning and benchmarking resources.

The content creators and customers are spread throughout the world so there are no significant strategic dependencies or relationships.

The group operates under UK law and legislation. The group takes all measures to ensure that it meets health, safety and environmental requirements and there have been no instances of breach in the year under review.

REVIEW OF THE BUSINESS

The review of the business is included in the Strategic Report.

FUTURE DEVELOPMENTS

The group continues to invest in its people and infrastructure to drive new products and deliver value to its communities. Emerald Publishing Limited is investing in its technology infrastructure to enable it to deliver a step-change in the discoverability and accessibility of its content for its users, and continues to develop new products and services for its communities and our continued focus on the reinvigorated books publishing programme. Emerald Works Limited is also investing in its technology infrastructure to combine the two existing platforms into a single platform serving all customers. Emerald Works Limited is also investing in sales and marketing reach, with a focus this year on expanding its international sales in the US.

The board consider that the impact of COVID-19 is likely to continue to cause some disruption to the activities of the business during the remainder of 2021. However, the board is optimistic that some activities, such as increased travel and the reopening of universities, will slowly start to resume in the coming months and the success of vaccine programmes will likely accelerate this.

GOING CONCERN

The board have conducted an assessment and have concluded that going concern is an appropriate basis for the accounts.

The directors are satisfied that the group will renew its credit facilities with its lenders prior to expiry if its current facility on November 2021 as the group has low leverage, maintains good relationships with its lenders and is in receipt of numerous in principle offers of funding from lenders, with terms in line with the current facility.

While year to date trading and customer feedback do not indicate any significant downturn in trading is to be expected, the board have forecast cashflows until 2023 with numerous upside and downside scenarios. In all scenarios the group meets its covenant requirements and has sufficient cash flows to sustain its operations.

EMPLOYEE INVOLVEMENT

An overview of employee involvement can be found in the Strategic Report.

FINANCIAL RISK MANAGEMENT

An overview of financial risk management can be found in the Strategic Report.

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision insurance was in place for the 12 months ending 31 December 2020, and is in place for the benefit of all the directors of the group for 2020.

Emerald Group Holdings Limited
DIRECTORS REPORT
for the year ended 31 December 2020

EMISSIONS AND ENERGY CONSUMPTION

The scope of the following disclosures covers the Company's subsidiary, Emerald Publishing Limited, which is the only entity within the group which is required to report in line with the government's Streamlined Energy and Carbon Reporting (SECR) framework, the other entities being exempt due to size.

	Emerald Publishing annual UK CO ₂ emissions (tonnes) 2020	Emerald Publishing annual UK energy usage (kWh) 2020
Gross	113.78	411,454
Usage per employee	0.40	1,429

In the year ended 31 December 2020, Emerald Publishing Limited has used energy from the day to day running of 3 owned buildings in Bingley. One of the buildings has roof-mounted solar panels which have been in place for both 2020 and 2019. Emissions have been created from the use of hire cars and a plug-in hybrid pool car owned by the business.

Emissions for 2020 were 113.78 tonnes of CO₂ and energy usage of 411,454 kWh. COVID-19 is expected to have had an impact on the emissions of the business. From 15th March 2020 to 31st December 2020 all staff have worked at home, with only a skeleton team of property staff using the office. Conferences and travel to clients have also been severely curtailed in this period which has reduced emissions from cars. With the focus on business continuity there have been no significant energy efficiency measures taken this year.

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

DIRECTORS AND THEIR INTERESTS

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

R L Bevan
P B Casebow (Resigned 30 June 2020)
S G Cox
M Fojt
Dr K Howard
P G Meredith
J R Waterhouse
V Williams
J Yates (Joined 18 May 2020)

In accordance with the articles of association, no directors are due to retire by rotation.

DIVIDENDS

During the year £1,020k (2019: £1,252k) of dividends were paid. The directors do not recommend the payment of any further dividends (2019: £nil).

REAPPOINTMENT OF AUDITOR

In accordance with group policy, the group audit from the financial year ending 31st December 2020 was put out to competitive tender. Following this process BDO LLP were appointed as group auditors and have been reappointed as auditors for 2021.

Approved by the Board on 25 May 2021 and signed on its behalf by:



S G Cox
Director

Emerald Group Holdings Limited
STATEMENT OF DIRECTORS' RESPONSIBILITIES
for the year ended 31 December 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Emerald Group Holdings Limited
INDEPENDENT AUDITOR REPORT TO THE MEMBERS OF EMERALD GROUP
HOLDINGS LIMITED (continued)
for the year ended 31 December 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMERALD GROUP HOLDINGS LIMITED

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Emerald Group Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2020 which comprise the Consolidated Profit and Loss account, Consolidated Statement of Comprehensive Income, Consolidated and Company Balance Sheet, Consolidated and Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 Group or Parent 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 Directors are responsible for the other information. The other information comprises the information included in the Annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Emerald Group Holdings Limited
INDEPENDENT AUDITOR REPORT TO THE MEMBERS OF EMERALD GROUP
HOLDINGS LIMITED (continued)
for the year ended 31 December 2020

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and Parent 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 Statement of Directors' Responsibilities, 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 Group and Parent 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 Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Based on our understanding we designed our audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of management and of the Directors as to the risks of non-compliance and any instances thereof. We also addressed the risk of management override of internal controls, including testing journal entries processed during and subsequent to the year and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not

Emerald Group Holdings Limited
INDEPENDENT AUDITOR REPORT TO THE MEMBERS OF EMERALD GROUP
HOLDINGS LIMITED (continued)
for the year ended 31 December 2020

detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent 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 Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Mark Langford
FD4C63A61681495...

Mark Langford (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Leeds, UK

28 May 2021

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

Emerald Group Holdings Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2020

		2020	Restated ¹ 2019
	Note	£'000	£'000
Revenue	5	61,683	59,792
Cost of sales		(15,358)	(14,799)
GROSS PROFIT		46,325	44,993
Distribution costs		(13,327)	(14,572)
Administrative expenses		(24,677)	(28,343)
Other operating (expense)/income		(342)	976
² EBITDA – ADJUSTED FOR EXCEPTIONAL ITEMS			
Exceptional items (included in administrative expenses)	9	(1,800)	(3,626)
Depreciation (included in cost of sales, distribution & administrative expenses)		(687)	(703)
Amortisation (included in administrative expenses)		(5,041)	(3,758)
OPERATING PROFIT	6	7,979	3,054
Interest receivable and similar income	10	2	7
Interest payable and similar expenses	11	(514)	(660)
PROFIT BEFORE TAXATION		7,467	2,401
Tax on profit	12	(2,386)	(54)
PROFIT FOR THE FINANCIAL YEAR		5,081	2,347

Revenue and operating profit derive wholly from continuing operations.

¹ 2019 revenue and other operating income/(expense) have been restated for presentational purposes to reclassify foreign exchange gains from operating income/(expense) to revenue. Profitability remains unchanged. Further details of this can be found in note 32.

² EBITDA = Earnings before exceptional items, interest, tax, depreciation and amortisation.

The notes on pages 19 to 37 form an integral part of these financial statements.

Emerald Group Holdings Limited
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2020

	2020 £'000	2019 £'000
Profit for the financial year	5,081	2,347
Other comprehensive (expense)/income:		
Currency translation differences	(64)	(120)
Total comprehensive income for the year	5,017	2,227

The notes on pages 19 to 37 form an integral part of these financial statements.

Emerald Group Holdings Limited
CONSOLIDATED BALANCE SHEET
as at 31 December 2020

	Note	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible assets	13	32,235	35,081
Tangible assets	14	7,058	9,659
Investment property	15	916	-
		<u>40,209</u>	<u>44,740</u>
CURRENT ASSETS			
Debtors	18	12,506	14,685
Cash at bank and in hand		9,872	11,407
		<u>22,378</u>	<u>26,092</u>
Creditors: Amounts falling due within one year	19	(47,847)	(61,085)
NET CURRENT LIABILITIES		<u>(25,469)</u>	<u>(34,993)</u>
Total assets less current liabilities		<u>14,740</u>	<u>9,747</u>
Deferred tax	21	(996)	-
NET ASSETS		<u>13,744</u>	<u>9,747</u>
CAPITAL AND RESERVES			
Called up share capital	23	418	418
Capital redemption reserve		729	729
Translation reserve		46	110
Profit and loss account		12,551	8,490
TOTAL SHAREHOLDERS' FUNDS		<u>13,744</u>	<u>9,747</u>

The financial statements on pages 12 to 37 were approved by the board of directors and authorised for issue on 25 May 2021 and signed on its behalf by:



S G Cox
Director

The notes on pages 19 to 37 form an integral part of these financial statements.

Registered number: 03599896

Emerald Group Holdings Limited
COMPANY BALANCE SHEET
as at 31 December 2020

	Note	2020 £'000	2019 £'000
FIXED ASSETS			
Tangible assets	14	13	15
Investments	16	46,433	46,433
		<u>46,446</u>	<u>46,448</u>
CURRENT ASSETS			
Debtors	18	23,870	25,289
Cash at bank and in hand		2,327	2,681
		<u>26,197</u>	<u>27,970</u>
Creditors: Amounts falling due within one year	19	(37,670)	(40,222)
NET CURRENT LIABILITIES		<u>(11,473)</u>	<u>(12,252)</u>
Total assets less current liabilities		<u>34,973</u>	<u>34,196</u>
NET ASSETS		<u>34,973</u>	<u>34,196</u>
CAPITAL AND RESERVES			
Called up share capital	23	418	418
Share premium account		-	-
Capital redemption reserve		729	729
Profit and loss account		33,826	33,049
TOTAL SHAREHOLDERS' FUNDS		<u>34,973</u>	<u>34,196</u>

The profit after tax for the year for the company is £1,797k (2019: £2,230k).

The financial statements on pages 12 to 37 were approved by the board of directors and authorised for issue on 25 May 2021 and signed on its behalf by:



S G Cox
Director

The notes on pages 19 to 37 form an integral part of these financial statements

Registered number: 03589996

Emerald Group Holdings Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

	Called up share capital	Share premium account	Capital redemption reserve	Translation reserve	Profit and loss account	Total Share- holders' funds
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	418	-	729	230	7,395	8,772
Profit for the financial year	-	-	-	-	2,347	2,347
Dividends	-	-	-	-	(1,252)	(1,252)
Movement in translation reserve	-	-	-	(120)	-	(120)
At 31 December 2019	418	-	729	110	8,490	9,747
Profit for the financial year	-	-	-	-	5,081	5,081
Dividends	-	-	-	-	(1,020)	(1,020)
Movement in translation reserve	-	-	-	(64)	-	(64)
At 31 December 2020	418	-	729	46	12,551	13,744

The notes on pages 19 to 37 form an integral part of these financial statements

Emerald Group Holdings Limited
COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2019	418	-	729	32,071	33,218
Profit for the financial year	-	-	-	2,230	2,230
Dividends paid out	-	-	-	(1,252)	(1,252)
At 31 December 2019	418	-	729	33,049	34,196
Profit for the financial year	-	-	-	1,797	1,797
Dividends paid out	-	-	-	(1,020)	(1,020)
At 31 December 2020	418	-	729	33,826	34,973

The notes on pages 19 to 37 form an integral part of these financial statements

Emerald Group Holdings Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Net cash from operating activities	25	14,957	15,367
Taxation paid		(2,736)	(1,066)
Net cash generated from operating activities		12,221	14,301
Cash flow used in investing activities			
Payments to acquire intangible fixed assets		(1,725)	(3,295)
Payments to acquire tangible fixed assets		(421)	(663)
Tangible assets acquired in subsidiary undertakings		-	(132)
Fair value of net assets acquired with subsidiary undertaking		-	730
Payments to acquire subsidiary undertaking (net of cash acquired)		-	(21,094)
Net cash used in investing activities		(2,146)	(24,454)
Cash flow used in financing activities			
Proceeds from (repayment of)/draw down of revolving credit facility		(10,000)	17,890
Net interest paid		(512)	(653)
Dividends paid to owners of parent		(1,020)	(1,252)
Net cash (used in) generated/ from financing activities		(11,532)	15,985
Net (decrease)/increase in cash and cash equivalents		(1,457)	5,832
Cash and cash equivalents at the beginning of the year		11,393	5,681
Exchange losses on cash and cash equivalents		(64)	(120)
Cash and cash equivalents at the end of the year		9,872	11,393
Cash and cash equivalents consist of:			
Cash at bank and in hand		9,872	11,407
Overdraft		-	(14)
Cash and cash equivalents		9,872	11,393

The notes on pages 19 to 37 form an integral part of these financial statements

Emerald Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

1. GENERAL INFORMATION

Emerald Group Holdings Limited is a holding company.

The group has offices in the United Kingdom in Bingley, Bristol, Edinburgh and Horsham. The company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is: Howard House, Wagon Lane, Bingley, West Yorkshire, BD16 1WA, England, UK.

2. STATEMENT OF COMPLIANCE

The group and individual financial statements of Emerald Group Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. They have been consistently applied to all years presented unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the recognition of certain financial assets and liabilities measured at fair value and the going concern basis and in accordance with applicable accounting standards.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. Its profit after tax for the financial year was £1,797k (2019: profit of £2,230k).

b) Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2020. The acquisitions method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

c) Going concern

In light of the COVID-19 pandemic we have considered the basis of preparation and have concluded that the going concern basis remains appropriate.

Having carried out a detailed review of the group's budgets and available resources, and of the challenges presented by the current economic climate, the directors are satisfied that the group has sufficient cash flows to meet its liabilities as they fall due at least one year from the date of approval of the financial statements.

The group relies on operating cash flows to fund its activities and had net current liabilities of £25,469k, of which £20,547k related to deferred income, as at 31 December 2020.

The directors have considered a number of key factors when assessing future performance, in particular:

- The stable cash flow generated by the group's principal activity; and
- agreed banking facilities.

d) Exemptions for qualifying entities under FRS102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders. The company has taken advantage of the following exemptions:

Emerald Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Exemptions for qualifying entities under FRS102 (continued)

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;
- (ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
- (iii) from disclosing the key management personnel compensation, as required by FRS 102 paragraph 33.7.

e) Revenue recognition and deferred income

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

Revenue in respect of the following year is credited in the balance sheet to deferred income and released to revenue in line with the policy above.

Revenue in respect of Emerald Works Limited licence fees is recognised over the life of the licence. Revenue from the production of bespoke e-learning content is deferred and recognised as revenue in stages as the project progresses.

f) Exceptional items

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

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

g) Business combinations

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

Contingent consideration is initially recognised at an estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured, they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

h) Goodwill

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Emerald Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Intangible assets

The company capitalises several classes of intangible assets, which includes specifically acquired content, software, and, on acquisition of a business, intangible assets identified separately to goodwill such as content.

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

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

Trademarks acquired from business combinations are recognised separately to goodwill and measured at cost at acquisition date less accumulated amortisation and any accumulated impairment losses.

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

Asset class	Amortisation rate
Software	3 to 5 years
Domains	3 to 5 years
Content	5 to 15 years
Goodwill	15 years
Trademarks	10-15 years
Software under development	Nil

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

j) Tangible fixed assets

Tangible fixed assets are shown at cost, less any impairment.

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Land	Not depreciated
Long leasehold buildings	20 to 50 years
Fixtures and equipment	3 to 10 years
Assets under construction	Nil

k) Impairment of assets

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

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

l) Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Emerald Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Investment property

Investment property is shown at fair value determined by external valuation. The valuation was obtained at the year end 31st December 2020 from an independent qualified valuer. A valuation will be obtained at subsequent year ends with subsequent gains and losses being recognised through the profit and loss.

n) Deferred tax

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

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

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

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

o) Foreign currency

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account.

The financial statements of overseas subsidiary undertakings are translated at the rate ruling at the balance sheet date. The exchange differences arising on the retranslation of opening net assets are taken directly to reserves. All other translation differences are taken to the profit and loss account, with the exception of exchange differences on the net investment in these enterprises, which are taken to reserves.

p) Financial instruments

The group has adopted Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Emerald Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Financial instruments (continued)

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment. Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The company uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument.

During 2020 nil (2019: nil) forward currency contracts have been designated as hedging instruments.

If the derivative is not designated as a hedging instrument it will be held at fair value through the profit and loss account.

q) Leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

r) Share-based payments

Growth shares held by key employees of the business are cash-settled equity shares. The fair value of the liability is measured at each reporting date and as at the time of any participants exercising their options, with any changes in fair value being recognised in profit or loss for the period.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

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

a) Critical accounting estimates and assumptions

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

b) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the net carrying amount of the tangible assets.

c) Useful economic lives of intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates. See note 13 for the net carrying amount of the intangible assets.

d) Impairment of debtors

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

e) Impairment of intangible assets and goodwill

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

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account. See note 13 for the net carrying amount of intangible assets and goodwill.

f) Impairment of property assets

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

g) Growth share valuation

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

Emerald Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

5. REVENUE

An analysis of revenue by geographical location is given below:

	2020 £'000	Restated 2019 £'000
United Kingdom	9,012	7,998
Europe	8,873	8,697
America	18,067	18,032
Far East	14,065	12,242
Australasia/South Pacific	4,037	3,838
Rest of the World	7,629	8,703
	61,683	59,510

An analysis of by product type is given below:

Publications and services	52,415	51,501
Learning toolkits	9,231	7,756
Other revenue	37	253
	61,683	59,510

6. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2020 £'000	2019 £'000
Staff costs		
Wages and salaries	18,890	18,472
Social security costs	1,823	1,992
Other pension costs	944	908
Severance pay	921	284
	22,578	21,656
Auditors' remuneration:		
Fees payable to the group's auditors for the audit of the financial statements	78	100
Fees payable to the group's auditors for the audit of overseas subsidiaries	28	28
Fees payable to the group's auditors for tax compliance services	-	117
Reorganisation expense	671	284
Impairment of intangible asset	-	561
Impairment of property asset	1,316	-
Impairment of trade debtors	348	55
Losses/(gains) from changes in the fair value of derivatives	438	(1,524)
Foreign currency gains	(576)	801
Operating leases – land	1,056	860
Operating leases – plant & machinery	63	70
Depreciation of owned assets	691	703
Amortisation of goodwill	1,648	1,343
Amortisation of intangible assets	3,393	2,415
Cash-settled share-based payment credit/charge	(625)	4,329

7. DIRECTORS AND EMPLOYEES

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £944k (2019: £908k). Contributions totalling £126k (2019: £130k) were payable to the scheme at the end of the year and are included in creditors.

The monthly average number of persons employed by the group (including directors) during the year was:

	2020 No.	2019 No.
Administration	314	306
Production	137	138
	451	444

Emerald Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

7. DIRECTORS AND EMPLOYEES (CONTINUED)

The company employed 8 people only (2019: 7), who were all employed as directors.

The directors' remuneration for the year was as follows:

	2020 £'000	2019 £'000
Remuneration	2,444	2,665
Group contributions paid to defined contribution schemes	31	27
	2,475	2,692

There were 4 (2019: 4) directors eligible for the defined contribution pension scheme.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2020 £'000	2019 £'000
Remuneration	861	912
	861	912

No directors exercised share options during the year

8. SHARE-BASED PAYMENTS

The group operates a cash-settled share based payment scheme for certain employees. This consists of B and C growth shares which have been granted to key employees, who are then entitled to value above defined share price hurdles. The awards vest in tranches.

The shares are valued at the end of each financial period using a Monte Carlo option pricing model with the key drivers for the valuation being comparable transaction and market valuation multiples applied to a range of group forecasts.

The total number of shares granted as at the year end is as follows:

Award	B Shares	C Shares
Number of growth shares granted	30,000	15,000
Fair value per award	£109	£87

No B or C shares were granted or forfeited during the period.

The liability for the current period was calculated using the fair value of the awards multiplied by the number of shares to give the aggregate fair value. The expense is recognised over the vesting period of the tranches of shares. Changes in market dynamics mean a credit of £625k has been recognised in the profit and loss for 2020 (2019: £4,329k debit) with the total value of the shares of £3,704k recognised in other creditors (2019: £4,329k).

9. EXCEPTIONAL ITEMS

The following exceptional items have been included in administrative expenses and other operating expenses:

	2020 £'000	2019 £'000
(Loss)/Gain on revaluation of financial instruments (included in other operating expenses)	(438)	1,524
Write-off of goodwill held in a subsidiary	-	(147)
Write-off of intangible asset held in a subsidiary	-	(414)
Write-off of intangible assets under construction	-	(260)
Impairment of property asset held in a subsidiary	(1,316)	-
Restructure costs	(671)	-
Share-based payment charge credit/(expense)	625	(4,329)
	(1,800)	(3,626)

Emerald Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

10. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £'000	2019 £'000
Bank interest receivable	2	7
	<u>2</u>	<u>7</u>

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £'000	2019 £'000
Interest on bank borrowings	514	660
	<u>514</u>	<u>660</u>

12. TAX ON PROFIT

Tax on profit

	2020 £'000	2019 £'000
Current tax		
UK corporation tax charge	1,919	1,410
Foreign tax	178	200
Adjustments in respect of prior years – UK corporation tax	(446)	(1,207)
Adjustments in respect of prior years - Foreign tax	-	(66)
Total current tax	<u>1,651</u>	<u>337</u>
Deferred tax		
Origination and reversal of timing differences	735	(333)
Change in assumed tax rate	-	50
Total tax on profit	<u>2,384</u>	<u>54</u>

Factors affecting current tax charge for the year

Tax on profit for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

The differences are reconciled below:

	2020 £'000	2019 £'000
Profit before taxation	7,496	2,401
Corporation tax at standard rate of 19% (2019: 19%)	1,424	456
Expenses not deductible for tax purposes	1,476	1,312
Adjustments in respect of prior years	(446)	(1,273)
Tax credits utilised	(306)	(251)
Overseas tax not at UK rate	30	49
Re-measurement of deferred tax – change in UK tax rate	-	50
Other differences	212	(289)
Total tax	<u>2,384</u>	<u>54</u>

Emerald Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

13. INTANGIBLE ASSETS

Group	Content	Goodwill	Software	Trade- marks	Software under development	Domains	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2019							
Cost	75,488	29,941	14,143	2,744	199	400	122,915
Accumulated amortisation and impairment	(72,060)	(7,644)	(7,871)	(137)	-	(122)	(87,834)
Net book amount	3,428	22,297	6,272	2,607	199	278	35,081
Year ended 31 December 2020							
Opening net book amount	3,428	22,297	6,272	2,607	199	278	35,081
Additions	486	-	973	-	266	-	1,725
Asset class transfers	-	-	197	-	(197)	-	-
Disposal - cost	-	-	(547)	-	(2)	-	(549)
Disposal - amortisation	-	-	503	-	-	-	503
Reclassifications	151	-	(126)	-	-	-	25
Deferred tax adjustment	-	491	-	-	-	-	491
Amortisation	(920)	(1,648)	(2,210)	(183)	-	(80)	(5,041)
Closing net book amount	3,145	21,140	5,062	2,424	266	198	32,235
Cost	76,188	30,432	14,586	2,744	266	400	124,615
Accumulated amortisation and impairment	(73,043)	(9,291)	(9,524)	(320)	-	(202)	(92,380)
Net book amount	3,145	21,140	5,062	2,424	266	198	32,235

Company

The company had no intangible assets with a net book value at 31 December 2020 (2019: £nil).

Emerald Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

14. TANGIBLE ASSETS

Group	Long leasehold land and buildings	Fixtures and equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000
At 31 December 2019				
Cost	9,704	7,363	51	17,118
Accumulated depreciation and impairment	(1,732)	(5,727)	-	(7,459)
Net book amount	7,972	1,636	51	9,659
Year ended 31 December 2020				
Opening net book amount	7,972	1,636	51	9,659
Additions	-	421	-	421
Depreciation	(173)	(518)	-	(691)
Cost transfer to investment property	(2,329)	(195)	-	(2,524)
Accumulated depreciation transfer to investment property	1,413	195	-	1,608
Disposal	-	(23)	(51)	(74)
Reclassifications	-	(25)	-	(25)
Impairment	(1,168)	(148)	-	(1,316)
Closing net book amount	5,715	1,343	-	7,058
Cost	7,375	7,282	-	14,657
Accumulated depreciation and impairment	(1,660)	(5,939)	-	(7,599)
Net book amount	5,715	1,343	-	7,058

All assets are valued at their historical cost and there has been no adjustment to the carrying values of the assets.

Company

	Fixtures and equipment	Total
	£'000	£'000
At 31 December 2019		
Cost	19	19
Accumulated depreciation and impairment	(4)	(4)
Net book amount	15	15
Year ended 31 December 2020		
Opening net book amount	15	15
Depreciation	(2)	(2)
Closing net book amount	13	13
Cost	19	19
Accumulated depreciation and impairment	(6)	(6)
Net book amount	13	13

Emerald Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

15. INVESTMENT PROPERTY

Group

	Investment properties	Total
	£'000	£'000
Valuation		
1 January 2020	-	-
Transfer from tangible assets	916	916
	<hr/>	<hr/>
Valuation		
At 31 December 2019	-	-
	<hr/>	<hr/>
At 31 December 2020	916	916
	<hr/>	<hr/>

During the year the group undertook a review of its property requirements. As a result of the review it was decided that one property held by Emerald Publishing Limited would be held as an investment property to collect rental income. The property was transferred from land and buildings and valued by an independent qualified valuer at year end. As a result of this valuation the property was impaired to its current carrying value on transfer.

Company

The company had no investment property at 31 December 2020 (2019: £nil).

16. INVESTMENTS

Company

	Subsidiary undertakings	Total
	£'000	£'000
Cost		
At 1 January 2020	51,538	51,538
At 31 December 2020	51,538	51,538
Provision for impairment		
At 1 January 2020	5,105	5,105
Charge for the year	-	-
At 31 December 2020	5,105	5,105
Net book value		
At 31 December 2019	46,433	46,433
At 31 December 2020	46,433	46,433

Emerald Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

16. INVESTMENTS (CONTINUED)

Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Holding	Proportion of voting rights and shares held	Registered office	Country of incorporation	Principal activity
Emerald Publishing Limited	Ordinary	100%	Howard House Wagon Lane Bingley BD16 1WA	UK	Publishing
Emerald Works Limited	Ordinary	100%	Level 1 50 Frederick Street Edinburgh, EH2 1EX	UK	Management learning materials
Emerald Group Solutions Limited #	Ordinary	100%	Howard House Wagon Lane Bingley BD16 1WA	UK	Professional services
Mind Tools Limited #*	Ordinary	100%	Howard House Wagon Lane Bingley BD16 1WA	UK	Management learning materials
Emerald Group Publishing Inc*	Ordinary	100%	120 Beacon Street Suite 202 Somerville, MA 02143	USA	Publishing support
Emerald Group Publishing (PTY) Limited*	Ordinary	100%	10-16 Queen Street Melbourne 3000	Australia	Publishing support
Emerald Group Publishing Sdn Bhd*	Ordinary	100%	S-08-07, First Subang, Jalan SS15/4G 47500 Subang Jaya, Selangor	Malaysia	Publishing support
Emerald Group Publishing (India) Private Limited*	Ordinary	98%	A-49, First Floor, Street No.31, Chattarpur Enclave Phase II, New Delhi, 110074	India	Publishing support
Emerald GP (South Africa) (PTY) Limited*	Ordinary	100%	4759 Chiame Street, Ext 2 Chiawelo, Sowelo, Johannesburg, Gauteng 1818	South Africa	Publishing support
Emerald (Beijing) Information Science Co. Limited*	Ordinary	100%	Room 1301, Building B JinQiu International Plaza No. 6 Zhichun Road Haidian District Beijing	China	Publishing support
Aire Valley Management Company Limited*#	Ordinary	73%	Howard House Wagon Lane Bingley, West Yorkshire BD16 1WA	UK	Property management company

Emerald Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

16. INVESTMENTS (CONTINUED)

Towards Maturity Community Interest Company #*	Ordinary	100%	Howard House Wagon Lane Bingley, West Yorkshire BD16 1WA	UK	L&D bench- marking
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* denotes shares held by a subsidiary undertaking

denotes subsidiary is exempt from audit by virtue of s479A of Companies Act 2006

17. BUSINESS COMBINATIONS

On 1 February 2020 the trade and assets of Mind Tools Limited were hived up into Emerald Works Limited. Transactions were accounted for in accordance with requirements of the merger accounting method. In accordance with the requirements of the merger accounting method, the goodwill and intangible trademark assets arising from the original acquisition accounting of the Mind Tools subsidiary are now recorded on the balance sheet of Emerald Works Limited. The hive-up transaction has had no effect on the consolidated financial statements of the group

18. DEBTORS

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due:				
Trade debtors	9,240	10,459	-	-
Amounts owed by group undertakings	-	-	23,160	22,495
Other debtors	231	504	45	194
Corporation tax asset	615	-	-	-
Derivative financial instruments	656	1,055	616	1,055
Deferred tax asset due within one year (note 21)	-	221	-	221
Deferred tax asset due over one year (note 21)	-	9	-	515
Prepayments and accrued income	1,764	2,437	49	809
	12,506	14,685	23,870	25,289

Trade debtors are stated after provisions for impairment of £465k (2019: £117k).

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

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (note 20)	16,890	26,904	16,890	26,890
Trade creditors	1,956	1,422	-	27
Amounts owed to group undertakings	-	-	16,573	7,260
Corporation tax	141	610	5	1,183
Other taxation and social security	604	1,131	-	-
Other creditors	4,007	4,665	3,743	4,329
Derivative financial instruments	-	1	-	1
Accruals	4,159	4,477	459	532
Deferred income	20,090	21,875	-	-
	47,847	61,085	37,670	40,222

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

Emerald Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

20. LOANS AND OTHER BORROWINGS

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Revolving credit facility	16,890	26,890	16,890	26,890
Overdraft	-	14	-	-
	16,890	26,904	16,890	26,890

The group has a revolving credit facility (RCF). The RCF provides a credit facility of up to £27.5m (prior year: £27.5m) to cover working capital requirements and to fund capital investments. Each drawdown typically matures after a month, after which the directors review cashflows and draw down a revised amount for the upcoming month. Interest is charged on the drawn down amount at LIBOR plus a variable margin of between 1.70% and 2.45%, depending on the group's leverage.

At the balance sheet date £16,890k had been drawn down.

21. DEFERRED TAX

Group

	Deferred tax asset/(liability) £'000
At 1 January 2020	230
Transferred in	(491)
Debit recognised in the profit and loss account	(735)
At 31 December 2020	(996)

Analysis of deferred tax assets/(liabilities)

	2020	2019
	£'000	£'000
Accelerated capital allowances	(572)	(506)
Other timing differences	(424)	736
	(996)	230

Company

	Deferred tax £'000
At 1 January 2020	736
Debit recognised in the profit and loss account	(737)
At 31 December 2020	(1)

Emerald Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

22. FINANCIAL ASSETS AND LIABILITIES

The group has the following financial instruments:

	2020 £'000	2019 £'000
Financial assets/(liabilities) at fair value through profit or loss		
- Derivative financial instruments	616	1,055
Financial assets that are debt instruments measured at amortised cost		
- Trade debtors	9,240	10,459
- Accrued income	171	180
- Other debtors	231	504
	9,642	11,143
Financial liabilities measured at amortised cost		
- Trade creditors	(1,956)	(1,422)
- Accruals	(4,164)	(4,477)
- Other creditors	(4,007)	(4,665)
- Bank loans and overdrafts	(16,890)	(26,904)
	(27,017)	(37,468)

The company has the following financial instruments:

	2020 £'000	2019 £'000
Financial assets/(liabilities) at fair value through profit or loss		
- Derivative financial instruments	616	1,055
Financial liabilities measured at amortised cost		
- Other creditors	(3,743)	(4,329)
Bank loans and overdrafts	(16,890)	(26,890)
	(20,633)	(31,219)

***Derivative financial instruments**

The group and company enters into forward foreign currency contracts to mitigate the group's exchange rate risk for its US Dollar and Euro cash flows. At 31 December 2020, the outstanding contracts all mature within 12 months (2019: 12 months) of the year end. The group is only committed to sell US Dollars or Euros should the exchange rate fall below a certain rate, specified in the forward contract. At 31 December 2020 the group and company's maximum commitment is to sell US \$16.5m and €3.2m (2019: US \$22.0m and €3.7m).

The derivative financial instruments are measured at fair value, which is determined using mark to market valuation techniques by the lenders that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP: USD and GBP: EUR for the forward currency contracts and Interest rates for the interest rate swap.

23. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid shares

Group and company

	2020		2019	
	No.	£'000	No.	£'000
Ordinary shares of £1 each	330,530	331	330,530	331
Non-voting Ordinary shares of £1 each	87,274	87	87,274	87
Non-voting Ordinary Class B shares of £0.01 each	30,000	-	30,000	-
Non-voting Ordinary Class C shares of £0.01 each	15,000	-	15,000	-
	462,804	418	462,804	418

Emerald Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

24. DIVIDENDS

	2020 £'000	2019 £'000
Dividends paid		
Interim dividend paid 165p per ordinary share (2019: 150p)	689	626
Final dividend paid 124p per ordinary share (2019: 150p per share)	331	626
	1,020	1,252

Two shareholders waived their right to receive a final dividend payment with a total value of £188k.

No further dividends are payable in respect of the year ending 31 December 2020.

25. NOTES TO THE CASH FLOW STATEMENT

	2020 £'000	2019 £'000
Profit for the financial year	5,081	2,347
Tax on profit	2,386	54
Net interest expense	512	653
Operating profit	7,979	3,054
Amortisation of:		
a) Goodwill	1,648	1,343
b) Other intangible assets	3,393	2,415
Depreciation	691	703
Loss on disposal of intangible assets	47	260
Loss on disposal of tangible assets	74	-
Impairment of fixed asset	1,316	-
(Loss)/gain on foreign currency revaluation of fixed assets	-	2
Working capital movements:		
a) Decrease/(increase) in debtors	2,564	(896)
b) (Decrease)/increase in payables	(2,755)	11,725
c) Working capital receipt upon acquisition of subsidiary undertaking	-	(3,239)
Net cash from operating activities	14,957	15,367

26. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2020 £'000	2019 £'000
(Decrease)/increase in cash in the year	(1,535)	4,460
Cash outflow/(inflow) from loans	10,014	(16,638)
Movement in net debt in the year	8,479	(12,178)
Net debt at 1 January	(15,497)	(3,319)
Net debt at 31 December	(7,018)	(15,497)

Emerald Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

27. ANALYSIS OF NET DEBT

	As at 1 January 2020 £'000	Cash Flow £'000	As at 31 December 2020 £'000
Cash at bank and in hand	11,407	(1,535)	9,872
Bank loans and overdrafts	(26,904)	10,014	(16,890)
Net debt	(15,497)	8,479	(7,018)

28. COMMITMENTS

Capital commitments

As at 31 December 2020 the group had no capital commitments (2019: nil).

Operating lease commitments

As at 31 December 2020 the group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2020 £'000	2019 £'000
Land and buildings		
Within one year	470	565
Within two and five years	980	446
	1,450	1,011
Other		
Within one year	52	56
Within two and five years	121	35
	173	91

As at 31 December 2020 the company had no operating lease commitments (2019: nil).

29. CONTINGENT LIABILITIES

The company is a party to a cross guarantee guaranteeing the bank borrowings of other companies within the group amounting to £25k (2019: £122k) at the balance sheet date. The maximum exposure to the company of the associated borrowings is £27,500k (2019: £27,500k).

30. RELATED PARTY TRANSACTIONS

During the year the company has made charitable payments of £1,200k to the Emerald Foundation (2019: £1,811k). The Emerald Foundation is a charity on which a number of directors of the company serve as trustees.

The company paid dividends of £1,020k during the year, of which £250k was paid to directors of the company (2019: £1,252k & £454k respectively).

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the group.

31. CONTROL

The ultimate parent company is Emerald Group Holdings Limited. The ultimate controlling party is the Trustees of the K Howard 1987 Discretionary Settlement Trust by virtue of the Trust holding a majority of the voting share capital. A number of the directors of the company also act as Trustees for the Trust.

Emerald Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

32. PRIOR PERIOD ADJUSTMENTS

The accounting standards require that foreign currency revenue transactions are initially recorded using the spot rates prevailing at the date of the transaction. Historically, the Group has recognised foreign currency revenue transactions at budgeted foreign exchange rates (based on the Group's foreign currency hedging), with foreign exchange differences arising on subsequent remeasurement or settlement of related monetary assets being presented within administrative expenses. The treatment has been amended in the current year, and in doing so, has resulted in different revenue and administrative expenses figures in the comparative period than if the above accounting standards had been applied.

The comparative financial statement line items have therefore been restated, resulting in a £1,181k increase in revenue and an identical increase in administrative expenses. This has no effect on profit, net assets or cash flows in either the current or prior year.

33. EVENTS AFTER THE END OF THE REPORTING PERIOD

Between 31 March to 6 April 2021 the company contributed £1,975k to an Employee Benefit Trust ("EBT") and subsequently the EBT bought back 17,065 non-voting ordinary, B and C growth shares for a total amount of £1,975k, at an average price per share of £115.74.