

Company Registration No. 01017514

Sage Publications Limited

Annual report and financial statements

For the 53-week period ended

31 December 2022

# SAGE Publications Limited

## Annual report and financial statements for the 53 week period ended 31 December 2022

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# SAGE Publications Limited

## Company information

### **Executive Directors**

P J Denvir  
A J Histed  
C R Irwin  
J I Makoff  
Z P Marar  
S M McCune – resigned on 31 March 2022  
K R Phillips  
K Shoman  
R R Thame

### **Registered office**

1 Oliver's Yard  
55 City Road  
London  
EC1Y 1SP

### **Auditor**

Deloitte LLP  
Statutory Auditor  
2 New Street Square  
London  
EC4A 3BZ

# SAGE Publications Limited

## Strategic report

The directors present their Strategic report on the affairs of Sage Publications Limited (“the Company”) and its subsidiaries (together “the Group”), together with the audited financial statements. This annual report covers the 53 week period ended 31 December 2022 (2021 – 52 week period ended 25 December 2021).

### Business review, principal activities and future outlook

Sage Publications Limited is a wholly owned subsidiary of Sage Publications Inc., a company incorporated in the U.S.A. The principal activity of the Company and the Group is the publication and distribution of academic and professional books, journals and a wide portfolio of digital products supporting the dissemination of knowledge across the social sciences, humanities, science, technology and medicine. All related undertakings affecting the profits of the Group are listed in note 26.

Globally Sage publishes more than 1,100 journals, encompassing nearly 55,000 articles and over 900 books, reference works and databases a year in business, humanities, social sciences, science, technology and medicine. In addition the Group also has an established and growing selection of digital products including archives, data, case studies, online courses, video and software services.

Turnover increased from £168.9m for the period ended 25 December 2021 to £184.4m for the period ended 31 December 2022 and pre-tax profit for the period ended 31 December 2022 was £34.9m (2021: £27.7m). The business continued to be strongly cash-generative, and the Company paid an interim dividend of £23.9m (2021: £22.6m) to the ultimate parent company in 2022. The directors do not propose a final dividend in respect of 2022.

The Group's net assets increased by £5.0m to £42.5m at 31 December 2022. This increase is principally attributable to the profit for the period of £28.8m, which was offset by the dividends paid by the Group to the parent company of £23.9m.

### Key performance indicators

The Group monitors its activities using key performance indicators such as turnover, profit before tax and operating cash flow.

Financial key performance indicators	2022 £'000	2021 £'000	Change £'000	Change %
Turnover	184,449	168,887	15,562	9.2%
Profit before tax	34,891	27,731	7,160	25.8%
Net cash inflow from operating activities	35,532	35,130	402	1.1%

- The lifting of lockdown restrictions during 2022 helped drive activity across our international markets, and the Group's growing portfolio of digital products resonated with our core library customers and contributed to the £15.6m increase in turnover to £184.4m.
- Profit before tax has grown strongly in 2022, increasing 25.8% to £34.9m. The increase is the result of both the growth in revenues, and a continuing focus on productivity and carefully managing the Group's cost base.
- The 1.1% (0.4m) increase in the net cash inflow from operating activities during 2022 is due to an increase in operating profit partially offset by an increase in working capital.

# SAGE Publications Limited

## Strategic report (continued)

### Non-financial key performance indicators

The Group also monitors its employee diversity and has taken positive action through its work with EDGE, a leading global consultancy for gender equality, as well as through actions such as our company wide training programmes for unconscious bias, inclusivity and diversity. Sage was also one of the founder signatories to the Publishers Association 10 Point Inclusivity Action Plan and has already met its key targets including 50:50 gender balance in our senior management group and a 15% representation of BAME employees in the organization. The Sage Office of DEI, which includes executive level members, has been set up to provide visible leadership of DEI at Sage. Its remit includes analysing and reporting on progress made against the Group's DEI goals for inclusive recruitment, career progression and retention, and engagement and culture.

Sage has the goal of being an inclusive environment that celebrates diversity and in which people of all backgrounds and perspectives can thrive and play their part in driving Sage business performance.

After taking account of the factors mentioned above that have driven the results for the period, the directors considered that the performance against these key performance indicators was acceptable.

### Principal risks and uncertainties

The principal risks and uncertainties facing the Group are the general uncertainty of the economic climate, pressures on academic funding and changes to established publishing business models. After successfully transitioning to remote working practices in 2020 & 2021, Sage saw continued robust demand for its core products throughout 2022. Demand for higher education continued to be strong across our international markets, And the Group saw increased demand for its digital products supporting institutions as they increased their provision of online teaching, learning and research resources.

The Group has a geographically diverse customer base and publishes high quality research and scholarly content from academics across the globe. Consequently, management consider the current geopolitical risks facing global businesses such as Sage are manageable. Specifically the Group's business exposure to eastern Europe is limited and the impact of the ongoing crisis in Ukraine and related sanctions on Russia is minimal.

The directors consider that Sage's strategic focus on publishing excellent content in a range of print and digital products, many of which help support our customers deliver increased levels of online education, its development of new technology services for learning and research together with the Group's presence across a wide range of global sales territories, means that it is well placed to continue to flourish.

The Group's activities expose it to a number of business risks as follows:

*Customer risk:* A large proportion of sales are to government backed institutions, who generally have a lower credit risk associated with them. Management also carefully monitors the Company's debtors and their payment profiles, and maintains close relationships with its key customers and agents.

*Liquidity risk:* The Group's activities generate robust operational cashflows from a diverse range of geographical markets, and its liquidity position is further supported by substantial sales of prepaid subscription products. The Group also has access to support and funding from its parent company. Demand for higher education across the globe continues to be strong, and the sector is well funded. Nevertheless, geo- political and local structural economic risks remain, and management seek to minimise these risks by maintaining a detailed cashflow forecast reviewed regularly by senior executives and informed by the business's large network of contacts across academia. Together these provide an early indication of potential future trading pressures allowing proactive steps to be taken to mitigate risks and manage the business's cost base and liabilities appropriately.

## Strategic report (continued)

*Currency risk:* The Group generates substantial foreign currency cash earnings particularly in USD, but has a natural currency hedge that typically mitigates currency movements impacting our earnings, as a number of costs, including costs recharged from and dividends paid to the ultimate parent company, are denominated in US Dollars.

*IT and cyber security:* The Group constantly monitors the IT environment, ensuring that the firewalls and anti-virus software are current. We scan our systems on a regular basis to identify vulnerabilities. We partner with a 3rd party vendor and leverage their security operations centres to monitor our environment for potential attacks and threats. Staff are encouraged to be vigilant and are regularly updated on new potential IT threats and how to mitigate these risks using mandatory online training courses and internally generated phishing emails. Backups of the servers are routinely made and are stored offsite.

*General data protection regulation (GDPR):* The Company undertakes a detailed review of its business and technical processes in line with GDPR legislation and with the ICO's 12 step guide recommendations. The Company continues to carry out regular analysis of its processes in light of ongoing legislative developments. The directors recognise that the Company may be a data processor for other organisations with which it has a business relationship; this may include societies or editorial boards. In order to meet their own GDPR obligations those organisations may require information from the Company about the way in which it processes data on their behalf; the Company aims to cooperate with all enquires of this nature. The ongoing governance of data protection is overseen by the Global Legal Department in consultation with the IT Department, Human Resources Department and others across the organization as appropriate.

### Section 172 statement

The success of our business is intrinsically linked to the collaborative and often long-standing relationships with our stakeholders that have been nurtured over many years. The creation and maintenance of those relationships, and a commitment to the highest level of integrity in everything that we do, is a core part of the Company's culture and articulated in our shared values. Consequently, the directors act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole in line with their duty under section 172 of the Companies Act 2006.

Engagement with our wider business ecosystem is part of the Company's DNA, and through an ongoing open and engaged dialogue with our stakeholders we have built a clear understanding of their needs and views. When making decisions, the directors consider these needs along with a number of wider matters including the need to adhere to the highest standard of business conduct and the impact of the company's operations on the community and environment.

The likely longer-term consequences of key decisions are considered in the 'Business review, principal activities and future outlook' section of the Strategic report on page 2 and the 'Principal risks and uncertainties' section on page 3.

Further examples of the directors acting in good faith to promote the Company's success for the benefit of its members as a whole whilst considering the factors set out in section 172 (1) (a) to (f) of the CA 2006 when considering important strategic matters are described below.

# SAGE Publications Limited

## Strategic report (continued)

### Section 172 statement (continued)

#### The interests of the Company's employees:

Our people are key to our success, and Sage attracts a dynamic and diverse group of employees who share a passion for empowering researchers, educators, and institutions to shape our future society. In an industry filled with large publishing organizations, we maintain our independence and are proud to be a successful, privately owned company with the ability to make a global impact. Our employees are empowered and creativity is encouraged.

Our employees' well-being is key to the success of our organization. We have a positive and collegial environment. Our colleagues set and meet high standards, treat each other with respect, and take pride in working at Sage.

In their decision-making, the directors seek to support the Company's vibrant culture, enhance staff training and development, and strive to achieve a better representation of diverse talent at all levels, including leadership, across our workforce.

Some of the steps taken by the directors to support diversity and inclusion across the Company include paying all interns, a focus on women in IT in our IT recruitment, competency-based recruitment and selection and gender-neutral job descriptions. The Company has a focus on obtaining diverse interview slates and diverse interview panels and training for staff on a range of diversity, equity and inclusion matters to develop organizational knowledge and understanding of the issues around diversity enabling all staff to contribute to developing Sage as an inclusive organisation with an inclusive culture.

The Company has introduced a job evaluation methodology and all roles have been evaluated, this has enabled the establishment of a pay framework to promote transparency of pay.

The "Sage Perform" continuous feedback tool is an example of an initiative to support the development of our employees. This system enables colleagues to request and provide 360° feedback at any point, enabling developmental comments to be provided real time when they can have the greatest impact on personal growth and learning.

The Sage Perform tool also provides a structured and transparent system to support our staff's development and their contribution to achieving the Company's objectives. It enables staff to set performance objectives which align with our organisational goals, and development objectives that enable their improved performance and achievement of career goals through targeted training and support. The system encourages staff to engage in a regular and ongoing developmental dialogue with their managers, and review progress towards achieving their personal and professional goals.

Other examples of measures that the directors have put in place to support the interests of the Company's employees are described on page 3 of the Strategic report within the Key performance indicators section.

The directors seek to maintain an open and transparent two-way dialogue with staff regarding matters that affect them. Input from employees is actively sought when taking decisions that will impact on all aspects of the working environment, and considerable focus is placed on informing employees about the performance of the business and on matters affecting them as employees.

A recent example is the consultation around the introduction of a hybrid working framework for the Company. The new hybrid working framework introduced in March 2022 aims to continue to foster an inclusive culture and one that empowers people to determine how, when, and where they do their work, ensuring it meets the needs of the business and is considerate to colleagues.

More about the interaction between the directors and staff, and further information regarding the employees' consultative group is provided on page 10 in the Employee engagement section of the Directors' report.

# SAGE Publications Limited

## Strategic report (continued)

### Section 172 statement (continued)

#### **The need to foster the Company's business relationships with suppliers, customers and others:**

Our interaction with our stakeholders across the wider academic and business community is at the core of what we do at Sage. Our focus on building strong and enduring relationships enables us to fulfil our mission which is building bridges to knowledge — supporting the development of ideas through the research process to scholarship that is certified, taught, and applied. At Sage we focus on publishing impactful research and enabling robust research methodology. We produce high quality educational resources that support instructors to enable student success and to prepare the citizens, policy makers, educators and researchers of the future.

We actively engage with our institutional customers and the researchers and students that use Sage's products and services. We connect with our stakeholders through social media, we participate in many academic events and forums, and have built close relationships with universities such as our funding and support for the University of Sussex Research Hive and the University Library's innovative work in engaging with the research community at Sussex.

Sage has been part of the global academic community since 1965, supporting quality research that transforms society and our understanding of individuals, groups, and cultures. We are committed to working together with our publishing partners and the scholarly community to support their growing needs and the dissemination of their pivotal research. Furthermore, Sage's ability to foster uniquely strong relationships with its customers and wider business ecosystem is supported by our ownership structure. The Company is wholly owned by Sage Publications, Inc. which is majority-owned by our founder Sara Miller McCune, and following the announcement made on December 7, 2021, is controlled by the independent Sage-SMM Trust with the goal of ensuring Sage remains an independent company focused on its mission to build bridges to knowledge through educational and research publishing. This enables the directors to adopt a longer time horizon and fully consider the long-term interests of the Company when making decisions, which in turn supports the fostering of enduring and mutually beneficial business relationships with its external stakeholders.

#### **The impact of the Company's operations on the community and the environment:**

We are a truly global company serving markets and engaging with communities across the world. Our staff are active in their local communities and the Company sets aside a budget to match the charitable donations raised by any of its employees through their fund-raising activities.

The Company has both local and global giving programmes where employees can make a proposal for funding for a specific social or educational charitable endeavour and an employee led committee decides on the recipients of donations from Sage. In addition, the Company has a "Books for Schools" charitable scheme donating money to schools across the globe to purchase books in support of children's education, Sage supports employees to undertake charitable workdays and volunteer at a local school.

The directors remain committed to reducing the environmental impacts of Sage's business activities as well as seeking more sustainable practices across our global supply chains. As an independent publisher we understand our important role protecting the place where knowledge is shared – our planet, and the urgent need to act quickly to avoid the worst impacts of climate change. In 2022 we formally agreed to meet Net Zero by 2040 across our global operations and supply chain. This goal enables us to focus on those areas where we have the greatest environmental impacts and where we have ability to take action and influence reductions and change through developing collaborative approaches with our key stakeholders, customers and suppliers.



# SAGE Publications Limited

## Strategic report (continued)

### Section 172 statement (continued)

Key progress during 2022 included establishing our baseline global operational carbon footprint. We assessed and benchmarked our global printers to understand their sustainability agendas and carbon reduction initiatives. We also mapped the wider supplier chain to identify risks and impacts, and audited our paper sources to ensure we have ethical and environmental certification. We will continue to work in close partnership with our suppliers to collectively identify and develop more sustainable practices across publishing.

Sage remain active members of many Publishing Industry working groups including the UK Publishers Association's Sustainability Taskforce, and in 2022 we also became members of the STM's SDG Academic Publishers Forum to demonstrate our commitment to supporting the UN Sustainable Development Goals. Sage has a well-established Global Sustainability Group that oversee progress, and Green Groups across all locations who promote, share and lead green initiatives. The UK Green Group rolled out a number of events in 2022 including workshops focused on reducing plastics and sustainable clothing, as well as inviting external speakers to talk about global actions.

The impact of the Company's operations on the environment are more fully considered in the Climate change section on page 11 of the Directors' report, and the 'Streamlined Energy and Carbon Reporting' on pages 12 to 13 of the Directors' report. This report provides greater transparency on the Company's energy use and our consideration of environmental sustainability issues.

#### **The desirability of the Company maintaining a reputation for high standards of business conduct:**

Operating in an ethical and responsible manner in relation to all stakeholders is at the core of everything we do at Sage and fundamental to our Company values. Respect for people, acting with integrity and valuing our publishing partners and customers are fundamental elements of our culture. The directors actively communicate and promote these values to all staff across the Company and consider them central to our shared attitudes and behaviours.

Sage expects its staff, suppliers and partners to act ethically, maintaining high standards of business conduct and adhering to all relevant legislation and standards, including Anti-Bribery and Modern Slavery legislation. Our contracts with agents and suppliers include relevant provisions, and we undertake questionnaires, surveys and site visits to ensure compliance. In addition, we provide specific training for staff in roles where there is a potential risk either internally or from partners or other third parties. Our practices, training and guidance are regularly reviewed to ensure that the highest standards are maintained.

Given Sage's role as the publisher of scientific and academic research and teaching materials, we invest heavily in ensuring compliance with the highest ethical standards. We are members of the Committee on Publication Ethics and we maintain a publishing ethics team, which investigates any potential breaches of standards, taking action as necessary.

Sage is a signatory to the Publishers Compact of the UN Sustainable Development Goals, committing Sage to act on issues across sustainable development.

## SAGE Publications Limited

### Strategic report (continued)

#### The desirability of the Company maintaining a reputation for high standards of business conduct: (continued)

In this statement the directors have outlined how they have considered the factors set out in section 172 (1) (a) to (f) of the Companies Act 2006 in their duty to promote the success of the company for the benefit of its members as a whole.

Approved by the Board of Directors and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'R R Thame', is written over a light blue horizontal line.

R R Thame  
Director  
13 June 2023

# SAGE Publications Limited

## Directors' report

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report for the 53 week period ending 31 December 2022.

### Going concern

The Group ended the period with cash reserves of £41.1m and net current assets of £16.6m, and continued to trade profitably. As described in the Strategic report, the Group has benefitted as our customers have increasingly embraced the flexibility provided by Sage's innovative digital products alongside existing physical books and journals. Furthermore, student demand for higher education has remained strong and governments have continued to support universities and the education sector in general.

The Group is a global business with a well-established IT infrastructure and used to working remotely using digital communication both internally and externally with our authors, editors, societies, customers and trade suppliers. New ways of working have been established without any disruption to the business that leverage this digital interconnectivity and promote productivity whilst also supporting home working. Senior management have focused on introducing a hybrid working model, embracing the productivity and flexibility of home working whilst also benefitting from the energy and collaboration of working in person in the office.

The Group has the benefit of a strongly cash generative business, and a substantial part of Group turnover is derived from sales of subscription products. The majority of our customers have already paid for their 2023 subscription year access. Our key university customers have rebounded following the exceptional period of pandemic disruption, and they continue to pay to term. Levels of content submissions from academics and authors to all of our products remains strong. Additionally, the majority of our content is supplied to customers electronically and we are not reliant on a physical supply chain to maintain the business. Consequently we are able to continue to fulfil our obligations to publish high quality peer reviewed content.

The Group has also developed a range of digital library products, and many of these products provide online education and research solutions. These products were initially adopted as a key part of universities' response to the challenges of social distancing, but the accessibility, flexibility and interactivity they provide means that they have become an integral part of the scholarly resources provided by institutions to students and researchers.

Physical supply chain challenges resulting from the geo-political environment have not impacted on the business and the Group is also able to supply physical books and journals via "Print on Demand", and so is not reliant on a particular supplier for stock.

Although some uncertainties remain in the general economic outlook, management believes that its working capital, cash on hand, access to funding from its parent company, and strategic measures to improve profitability and reduce costs as needed, will provide sufficient liquidity to fund the Group's operations and meet its future obligations for the next 12 months from the issuance of the consolidated financial statements.

The business continues to trade strongly, and the directors believe there are a number of factors contributing to its long-term success. These include its financial resources, the geographical diversity of its markets, the Group's successful implementation of strategic cost management measures, the quality and extensive scope of its products, the strength of its customer base and the strong relationships it has built with its stakeholders.

# SAGE Publications Limited

## Directors' report (continued)

### Going concern (continued)

Consequently, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis in preparing the financial statements.

### Directors

The directors of the Group who served throughout the period and subsequently were as follows:

#### *Executive Directors*

P J Denvir  
A J Histed  
C R Irwin  
J I Makoff  
Z P Marar  
S M McCune - resigned on 31 March 2022  
K R Phillips  
K Shoman  
R R Thame

### Dividends

The Group has disclosed information on the payment of dividends in the Strategic report in accordance with s414c (11) of the Companies Act 2006.

### Employee engagement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings and companywide e-mails and videos. There is an employee consultative group which is elected by staff, attended by a board level director and the group's views are considered by the directors in their decision making. Employee representatives are consulted regularly on a wide range of matters affecting current and future issues, and all employees are invited to participate in staff surveys including an annual staff engagement survey to provide feedback on cultural and other important Company-wide matters. In addition the Company's employees receive an annual bonus related to the overall profitability of the Company.

### Disabled employees

It is the policy of the Group and the Company to consider skills and aptitudes of disabled persons fully and fairly at all times in recruitment, career development, training and promotion. In pursuing this policy and having special concern for employees who become disabled, all practical measures are taken to ensure that disabled persons are placed in jobs suited to their individual circumstances.

Sage is conscious of the need to actively support the mental health of its employees. An Impairments Employee Resource Group was established in 2021 supporting both physical and mental impairments. Sage also has an Employee Support Group, the members of which, alongside others across the Group, are trained Mental Health First Aiders. We provide all managers with mental health awareness training and are exploring Reasonable Adjustment Passports.

# SAGE Publications Limited

## Directors' report (continued)

### Business relationships

The directors regard to the need to foster the Company's business relationships with suppliers, customers and others is discussed in the section 172 statement on page 4 of the Strategic report.

### Climate change

Although the directors do not consider environmental and climate change risks to be principal risks to the business, the Company is committed to minimising the environmental impact of its business. A Green Group was first formed in 2006 to consider how the Company's activity impacts on the environment, and how it can operate in a sustainable and environmentally responsible way. Our strategy focuses on identifying our major environmental impacts, reducing energy consumption, adopting sustainable energy sources, minimising waste, ensuring our printed products are manufactured using paper from sustainable FSC certified sources wherever possible and our supply chain is managed with financial and energy efficiency in mind.

We actively monitor air miles and encourage staff to minimise air travel as far as possible, where travel is unavoidable we offset the carbon emissions. We aim to minimise waste across the organisation and at our suppliers, reducing, re-using and recycling packaging and other wastes and eliminating single use plastic in our offices.

### Charitable donations

During the period the Group made charitable donations of £0.2m (2021: £0.1m).

### Financial risk analysis

The financial risks faced by the Group are detailed in the Strategic report.

### Future developments

Details of future developments can be found in the Strategic report by cross-reference to business review, principal risks and going concern disclosures.

### Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### Events after the balance sheet date

On 10 March 2023, the Company acquired the assets of the Epigeum business from Oxford University Press. More details can be found in note 29.

### Existence of branches outside the UK

The Company has branches, as defined in s1046(3) of the Companies Act 2006, outside the UK as follows:

- Sage Publications Limited Filial Sweden (established in Sweden)
- Sage Publications Limited Oddzial w Polsce (established in Poland)
- Sage Publications Denmark, Filial af Sage Publications Limited (established in Denmark)

# SAGE Publications Limited

## Directors' report (continued)

### Streamlined Energy and Carbon Reporting

#### Period covered

This report covers the 53 week period ended 31 December 2022 (2021 – 52 week period ended 25 December 2021).

#### 2023 Report

The table below covers emissions and data for Sage Publications Ltd (SPL) and all its active subsidiaries that are headquartered in the UK and 100% owned by SPL, these include Talis Group Ltd and Adam Matthew Digital Ltd.

	Current year 2022	Previous Year 2021	Baseline Year 2019
Emissions source	tCO2e	tCO2e	tCO2e
Onsite gas	26	57	68
Owned transport	6	6	27
<b>Total scope 1 (tCO2e)</b>	<b>32</b>	<b>63</b>	<b>95</b>
Location based electricity	84	75	117
<b>Total scope 2 (tCO2e)</b>	<b>84</b>	<b>75</b>	<b>117</b>
Employee owned vehicles	18	0	0
<b>Total scope 3 (tCO2e)</b>	<b>18</b>	<b>0</b>	<b>0</b>
<b>Total Gross tonnes CO2e</b>	<b>134</b>	<b>138</b>	<b>212</b>
<b>Intensity Ratio CO2e per FTE</b>	<b>0.21</b>	<b>0.40</b>	<b>0.34</b>

	2022	2021	2019
Total consumption by source (kwh)			
Gas	192,860	313,087	368,801
Purchased electricity	433,915	352,085	501,928
Owned fleet	26,583	22,105	116,748
Employee owned vehicles	73,742	-	-
<b>Total</b>	<b>727,100</b>	<b>687,277</b>	<b>987,477</b>

# SAGE Publications Limited

## Directors' report (continued)

### Methodology

Our emissions are reported using the financial control boundary - or replace with “operational control approach on reporting boundaries” and the methodology used aligns with Defra ‘Environmental Reporting Guidelines (March 2019) and uses the UK government’s (BEIS) greenhouse gas reporting conversion factors 2022 to qualify emissions from all fuels.

We have continued to exclude emissions from our other scope 3 business travel e.g. flights, rail and taxis, and refrigerant leakage from office air conditioning. Emissions from these activities will now be included within our annual voluntary reports.

### Intensity Ratio

The chosen intensity measurement ratio is total gross emissions in metric tonnes (CO<sub>2</sub>e) per full time equivalent (FTE) employee. During 2022 the number of UK based FTE at Sage was 632.

### Carbon Emissions

We have set 2019 as our baseline year, absolute emissions against our baseline have decreased by approx. 37% this is mainly due to the removal of Talis office and reduction of energy (gas and electricity) used in our offices as we have moved to a hybrid working model.

Our overall emissions have slightly decreased when compared to 2021, this is mainly due to the continued drop in gas usages across all locations offset by the increase in electricity use and use of personal cars for business travel as business recovered post covid.

Electricity remains the largest source of our emissions, but we remained committed to ensuring all our offices are energy efficient.

### Energy Efficiency Actions / Progress

We recognise the threats posed by climate change and are committed to mitigating any negative impacts from our business owned activities as well as the supply chain used to manufacture our books and journals.

During 2022 we formally committed to meeting Net Zero by 2040 and established a sustainability programme including

- Our London office has REGO backed renewable electricity and now uses biogas for heating, the other two locations have green electricity tariffs.
- Measuring emissions from across our global business activities, including scope 3 business travel (flights, rail and taxis) .
- Mapped our ‘print’ supply chain, established an annual auditing process to gain greater visibility of the suppliers and materials used in our publishing products.
- Establishing the boundaries and approach to include scope 3 supply chain emissions into our global carbon footprint.

We continue to review our office space requirements ensuring we only occupy space that meets our new hybrid working model, and all relocations and refurbishments take sustainability and energy efficiency into consideration. We have also now recruited a dedicated Head of Global Sustainability to manage our ongoing sustainability strategy and carbon reduction plans and from spring 2023 we will publish our first voluntary ESG report, ‘Independence with Impact’, this will include a dedicated section detailing our global sustainability activities, progress and emissions (including all scope 1 and 2 and scope 3 business travel). This report will be published annually and complement our ongoing SECR reporting responsibilities.

## SAGE Publications Limited

### Directors' report (continued)

#### Auditor

Each of the persons who are directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The directors will place a resolution before the Annual General Meeting to reappoint Deloitte LLP as auditor for the forthcoming year.

Approved by the Board of Directors and signed on its behalf by



R R Thame

Director

13 June 2023



## SAGE Publications Limited

### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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.

The directors confirm that they have complied with these requirements. Details of the directors' assessment of going concern are provided in the Directors' report.

## Independent auditor's report to the members of Sage Publications Limited

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of Sage Publications Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the 53-week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 29.

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 the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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's and 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.

## Independent auditor's report to the members of Sage Publications Limited

### Report on the audit of the financial statements (continued)

#### Other information (continued)

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.

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 the 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Extent to which the audit was considered 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.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of the management and the directors about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

## **Independent auditor's report to the members of Sage Publications Limited**

### **Report on the audit of the financial statements (continued)**

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- Revenue recognition: we have pinpointed this risk to manual journal entries related to revenues. We selected a sample of manual journal entries to revenues and for each selected item verified that the entry was recorded for the appropriate amount, had a valid business purpose and was accounted for in accordance with FRS 102.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### **Report on other legal and regulatory requirements**

#### **Opinions 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.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

## Independent auditor's report to the members of Sage Publications Limited

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
41E845A01A8B477...

Mikhail Raikhman, CA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

13 June 2023

# SAGE Publications Limited

## Consolidated profit and loss account

For the period ended 31 December 2022

	Notes	2022 53 weeks £'000	2021 52 weeks £'000
<b>Turnover</b>	4	184,449	168,887
Cost of sales		(62,582)	(59,900)
		<hr/>	<hr/>
<b>Gross profit</b>		121,867	108,987
Distribution costs		(2,635)	(2,533)
Administrative expenses		(84,466)	(78,788)
		<hr/>	<hr/>
<b>Operating profit</b>	6	34,766	27,666
Interest receivable and similar income	7	134	80
Interest payable and similar expenses	8	(9)	(15)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		34,891	27,731
Tax on profit	9	(6,127)	(6,121)
		<hr/>	<hr/>
<b>Profit for the period</b>		28,764	21,610
		<hr/>	<hr/>
<b>Profit attributable to:</b>			
Owners of the Parent		28,527	21,203
Non-controlling interests	25	237	407
		<hr/>	<hr/>
		28,764	21,610
		<hr/>	<hr/>

The profits of the Group were derived from continuing operations.

The accompanying Notes are an integral part of these financial statements.

# SAGE Publications Limited

## Consolidated statement of comprehensive income

For the period ended 31 December 2022

	Note	2022 53 weeks £'000	2021 52 weeks £'000
<b>Profit for the period</b>		28,764	21,610
Currency translation difference on foreign currency investments		164	(144)
<b>Other comprehensive income/ (loss)</b>		164	(144)
<b>Total comprehensive income for the period</b>		<u>28,928</u>	<u>21,466</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Parent Company		28,691	21,059
Non-controlling interests	25	237	407
		<u>28,928</u>	<u>21,466</u>

The accompanying Notes are an integral part of these financial statements.

# SAGE Publications Limited

## Consolidated balance sheet

As at 31 December 2022

	Notes	31-Dec-22 £'000	31-Dec-22 £'000	25-Dec-21 £'000	25-Dec-21 £'000
<b>Fixed assets</b>					
Goodwill	10		9,129		10,908
Intangible assets	10		27,852		30,640
Tangible assets	11		2,123		2,927
			39,104		44,475
<b>Current assets</b>					
Stocks	13	5,282		5,356	
Debtors	14	37,977		31,829	
Cash at bank and in hand	15	41,143		33,107	
		84,402		70,292	
<b>Creditors: Amounts falling due within one year</b>	16	(67,111)		(68,470)	
<b>Net current assets</b>			17,291		1,822
<b>Total assets less current liabilities</b>			56,395		46,297
<b>Creditors: Amounts falling due after one year</b>	17		(9,596)		(5,275)
Provision for liabilities	18		(4,318)		(3,564)
<b>Net assets</b>			42,481		37,458
<b>Capital and reserves</b>					
Called-up share capital	23		1		1
Foreign currency translation reserve			(488)		(652)
Profit and loss account			40,647		36,025
Shareholders' funds			40,160		35,374
Non-controlling interests	25		2,321		2,084
<b>Total capital employed</b>			42,481		37,458

The financial statements of Sage Publications Limited (registered number 01017514) were approved by the Board of Directors and authorised for issue on 13 Jun 2023. The accompanying Notes are an integral part of these financial statements.

The financial statements were signed on the Board's behalf by



R R Thame  
Director



# SAGE Publications Limited

## Company balance sheet

As at 31 December 2022

	Notes	31-Dec-22 £'000	31-Dec-22 £'000	25-Dec-21 £'000	25-Dec-21 £'000
<b>Non-current assets</b>					
Goodwill	10		6,466		7,749
Intangible assets	10		17,921		19,572
Tangible assets	11		1,129		1,696
Investments	12		30,712		34,032
			<hr/>		<hr/>
			56,228		63,049
<b>Current assets</b>					
Stocks	13	5,187		5,118	
Debtors	14	29,862		27,971	
Cash at bank and in hand	15	28,014		17,799	
		<hr/>		<hr/>	
		63,063		50,888	
<b>Creditors: Amounts falling due within one year</b>	16	(58,036)		(61,000)	
			<hr/>		<hr/>
<b>Net current assets/ (liabilities)</b>			5,027		(10,112)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			61,255		52,937
<b>Creditors: Amounts falling due after one year</b>	17		(1,926)		(2,595)
Provision for liabilities	18		(2,540)		(1,655)
			<hr/>		<hr/>
<b>Net assets</b>			56,789		48,687
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called-up share capital	23		1		1
Profit and loss account			56,788		48,686
			<hr/>		<hr/>
<b>Shareholders' funds</b>			56,789		48,687
			<hr/>		<hr/>

The Parent Company has taken advantage of the exemption conferred by s408 of the Companies Act 2006 not to present a separate profit and loss account. The profit, before distributions, attributable to the Parent Company was £32.0m (2021: £16.9m)

The financial statements of Sage Publications Limited (registered number 01017514) were approved by the Board of Directors and authorised for issue on 13 June 2023. The accompanying Notes are an integral part of these financial statements.

The financial statements were signed on the Board's behalf by



R R Thame  
Director

# SAGE Publications Limited

## Consolidated statement of changes in equity

	Called-up share capital £'000	Foreign currency translation reserves £'000	Profit and loss account £'000	Attributable to owners of the Parent £'000	Non- controlling interests £'000	Total £'000
<b>At 26 December 2020</b>	<b>1</b>	<b>(508)</b>	<b>37,797</b>	<b>37,290</b>	<b>1,677</b>	<b>38,967</b>
Profit for the period	-	-	21,203	21,203	407	21,610
Other comprehensive loss for the period	-	(144)	-	(144)	-	(144)
Total comprehensive income for the period	-	(144)	21,203	21,059	407	21,466
Dividends Paid	-	-	(22,975)	(22,975)	-	(22,975)
<b>At 25 December 2021</b>	<b>1</b>	<b>(652)</b>	<b>36,025</b>	<b>35,374</b>	<b>2,084</b>	<b>37,458</b>
Profit for the financial period	-	-	28,527	28,527	237	28,764
Other comprehensive loss for the financial period	-	164	-	164	-	164
Total comprehensive income for the financial period	-	164	28,527	28,691	237	28,928
Dividends paid	-	-	(23,905)	(23,905)	-	(23,905)
<b>At 31 December 2022</b>	<b>1</b>	<b>(488)</b>	<b>40,647</b>	<b>40,160</b>	<b>2,321</b>	<b>42,481</b>

# SAGE Publications Limited

## Company statement of changes in equity

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
<b>At 26 December 2020</b>	<b>1</b>	<b>54,470</b>	<b>54,471</b>
Profit for the period	-	17,076	17,076
Other comprehensive loss for the period	-	(215)	(215)
Total comprehensive income for the period	-	16,861	16,861
Dividends paid	-	(22,645)	(22,645)
<b>At 25 December 2021</b>	<b>1</b>	<b>48,686</b>	<b>48,687</b>
Profit for the financial period	-	32,045	32,045
Other comprehensive loss for the period	-	(38)	(38)
Total comprehensive income for the period	-	32,007	32,007
Dividends paid	-	(23,905)	(23,905)
<b>At 31 December 2022</b>	<b>1</b>	<b>56,788</b>	<b>56,789</b>

# SAGE Publications Limited

## Consolidated statement of cash flows

For the period ended 31 December 2022

		2022 53 weeks £'000	2021 52 weeks £'000
	Note		
<b>Net cash inflow from operating activities</b>	24	35,532	35,130
<b>Cash flows from investing activities</b>			
Proceeds from disposal of tangible fixed assets		95	24
Purchases of intangible fixed assets		(3,280)	(3,798)
Purchases of tangible fixed assets		(418)	(516)
<b>Net cash outflows from investing activities</b>		(3,603)	(4,290)
<b>Cash flows from financing activities</b>			
Dividends paid		(23,905)	(22,975)
<b>Net cash outflows from financing activities</b>		(23,905)	(22,975)
<b>Net increase in cash and cash equivalents</b>		8,024	7,865
<b>Cash and cash equivalents at beginning of the period</b>		33,107	25,450
Effect of foreign exchange rate changes		12	(208)
<b>Cash and cash equivalents at end of the period</b>		41,143	33,107

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under FRS 102, para 1.12(b) not to present the Company cash flow statement.

# SAGE Publications Limited

## Notes to the financial statements

For the period ended 31 December 2022

### 1. Company information

Sage Publications Limited (the "Company") is a company incorporated in the United Kingdom and is registered in England and Wales under the Companies Act 2006. The Company is a private company limited by shares, its registered office and principal place of business is 1 Oliver's Yard, 55 City Road, London, EC1Y 1SP.

The principal activities of the Company and its subsidiaries (together the "Group") and the nature of the Group's operations are set out in the strategic report on page 2.

### 2. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding period.

#### *Basis of preparation*

These financial statements have been prepared under the Companies Act 2006 and in accordance with United Kingdom accounting standards, including Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, using the historical cost convention, modified to include certain items at fair value.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to the presentation of a cash flow statement, financial instruments and remuneration of key management personnel.

The following subsidiaries of the Company were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies, for the year ends specified below.

<i>Subsidiary name</i>	<i>Year end</i>	<i>Companies House Registration Number</i>
Wichtig International Limited	30/12/2022	08830729
Adam Matthew Digital Limited	31/12/2022	05960030
Talis Group Limited	31/12/2022	05382297
Talis Education Limited	31/12/2022	07196638

# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

### 2. Accounting policies (continued)

#### *Basis of preparation (continued)*

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to the final Saturday of each calendar year, and due to this, once every 6 years the reporting period equates to 53 weeks rather than 52 weeks. No profit and loss account is presented for the Company as permitted by section 408 of the Companies Act 2006. The subsidiaries have been included within the Group financial statements using the acquisition method of accounting. Accordingly the Group profit and loss account and Group cash flow statement includes the results and cash flows of the subsidiaries from the dates of acquisition up to the period end. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The Group's forecast and projections show that the Company and Group have sufficient cash reserves to continue normal operations. This combined with the Group's net current asset position means the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. Additional information around going concern is included in the Directors' report (page 9).

The functional currency of the Company is considered to be pound sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pound sterling. Foreign operations are included in accordance with the policies set out on the next page.

#### *Turnover*

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the customer. Turnover on journal subscription based products is deferred as unearned subscription income when cash is received and recognised in turnover as issues are shipped to subscribers. Turnover from book sales and the sale of other physical goods is recognised when products are shipped to customers and title passes. Turnover from digital content is recognised when access is granted to the customer in line with contractual agreements. Subscriptions to digital content, software subscriptions, hosting, maintenance, support and similar services are recognised in equal instalments over the term of the relevant contract, whilst consulting, implementation and other professional services revenues are recognised over the period during which such services are provided, in line with milestones or percentage completion. Where there is insufficient certainty over the milestones or contract duration, revenues for each separate element are recognised at the point of completion or delivery to the customer. The Group extends rights of return to its customers, which are accrued for based on future returns determined by using estimates and historical experience. Other income such as commissions, advertising and permissions is recognised when the service is provided.

#### *Dividend and interest revenue*

Dividend income is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

### 2. Accounting policies (continued)

#### *Intangible assets – goodwill*

Goodwill arising on the acquisition of subsidiary undertakings and business assets hive-up, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised on a straight-line basis over its useful economic life which is typically fifteen years. Provision is made for any impairment (note 3).

#### *Intangible assets – other intangible assets*

Other intangible assets are recorded at cost and are typically amortised on a straight-line basis over their useful economic life. Provision is made for any impairment. The amortisation rate for purchased publishing rights has been chosen as the typical economic useful life of a journal title in the publishing industry which is around 15 years. Costs incurred in the preparation of digital products and digital pre-publication costs are amortised over 5 years during which the majority of the sales are expected to be recorded. Other assets, which include trademarks and copyrights are amortised over 10-18 years.

#### *Contingent consideration*

Contingent consideration, classified as a liability, is recognised and measured at fair value as of the acquisition date, using a discount rate. Contingent consideration is measured subsequently at each reporting period at fair value and the goodwill balance is adjusted for any changes in the fair value until the contingent consideration arrangement is settled. Contingent consideration arrangements exist in relation to certain business acquisitions and payment is triggered on attainment of targets related to various business performance measures.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Fixtures, fittings, equipment and IT	Straight-line over three to five years
Motor vehicles	Straight-line over four years

Short leasehold improvements are depreciated over the period of the lease.

#### *Investments*

Investments in subsidiaries are measured at cost less impairment (note 3).

#### *Stocks*

Finished goods and work in progress have been valued at the lower of cost and net realisable value. Cost is calculated using the FIFO (first-in, first-out) method. Work in progress includes pre-publication costs incurred in the creation of print and digital books such as copy editing and typesetting. These costs are amortised over an 18 month period from publication during which the majority of the sales are recorded. A provision is made for book stock that may be obsolete based on actual sales volumes and length of time since publication of each title.

# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

### 2. Accounting policies (continued)

#### *Financial instruments*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

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 Group after deducting all of its liabilities.

#### *(i) Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### *Royalties*

A royalty is compensation paid to authors in exchange for the use of journals or books by Sage. Royalty costs are recognised in the profit and loss account in line with revenue. Royalty advances are deferred and offset against royalties payable as they are accrued. Advances are held net of a provision for non-recoverable book advances.

#### *Taxation*

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise. Timing differences arise from the inclusion of items of income and expenditure in the taxation computations in the periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### *Foreign exchange*

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

#### *Operating leases*

All payments in respect of operating leases are charged directly to the profit and loss account in equal amounts over the lease term.



# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

### 2. Accounting policies (continued)

#### *Employee benefits*

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

The Company has entered into long-term incentive agreements with certain of its employees. These agreements grant the employee the right to obtain bonus payments based on certain factors, one being continued employment. The payment of these bonuses, which are being earned currently, is spread over future periods, as defined in the agreement. The Company recognises the related expense ratably over the vesting period.

#### *Publishing agreements*

The Company has entered into publishing agreements that provide for exclusive licenses to publish journal and copyrighted materials developed and/or acquired by others. Certain of the agreements require guaranteed minimum annual royalty, stipend and grant payments. Future guaranteed minimum payments required in the subsequent reporting periods under publishing agreements in excess of one year are as follows: 2023 £5.2m, 2024 £4.1m, 2025 £3.6m, 2026 £1.7m, 2027 £1.1m totaling £15.7m.

### 3. Significant judgements and key sources of estimation uncertainty

#### *Investments in group subsidiaries and goodwill*

Key sources of estimation uncertainty in the reporting period are the value of Company's investments in other group subsidiaries and goodwill arising on consolidation due to the difference between the investment and the fair value of the net assets of the subsidiary as at the acquisition date. These are reviewed at each reporting date to determine whether a significant change in the operating or macroeconomic environment has occurred. In these circumstances, an evaluation of the estimated recoverable amount is performed. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and its value in use determined as projected cash flows discounted at a rate representing Company's weighted average cost of capital. Should the evaluation indicate impairment, the asset is written down to its estimated recoverable amount.

No significant judgements were identified.

# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

### 4. Turnover

	2022 53 weeks £'000	2021 52 weeks £'000
<b>Group</b>		
UK sales	33,361	23,529
Rest of the world sales	151,088	145,358
	<u>184,449</u>	<u>168,887</u>

An analysis of turnover is as follows:

	2022 53 weeks £'000	2021 52 weeks £'000
<b>Group</b>		
Sales of goods	21,933	30,670
Rendering of services	145,236	121,878
Commissions	12,099	11,598
Advertising and licensing income	5,181	4,741
	<u>184,449</u>	<u>168,887</u>

# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

### 5. Directors and employees

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

	Group		Company	
	2022 53 weeks Number	2021 52 weeks Number	2022 53 weeks Number	2021 52 weeks Number
Distribution	47	58	15	18
Administration	175	169	100	85
Editorial and production	591	588	191	181
Sales and marketing	271	282	149	134
Product innovation	34	27	34	27
	<u>1,118</u>	<u>1,124</u>	<u>489</u>	<u>445</u>

Staff costs in respect of these employees were:

	Group		Company	
	2022 53 weeks £'000	2021 52 weeks £'000	2022 53 weeks £'000	2021 52 weeks £'000
Wages and salaries	48,938	47,429	32,124	33,133
Social security costs	4,833	4,686	4,011	3,961
Pension costs (note 20)	3,183	3,010	2,250	1,940
	<u>56,954</u>	<u>55,125</u>	<u>38,385</u>	<u>39,034</u>

### Directors' remuneration

Group	2022 53 weeks £'000	2021 52 weeks £'000
Remuneration	3,065	5,975
Pension contributions	24	30
Benefits in kind	17	24
	<u>3,106</u>	<u>6,029</u>

# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

### 5. Directors and employees (continued)

The emoluments of the highest paid director were as follows:

	2022 53 weeks £'000	2021 52 weeks £'000
<b>Group</b>		
Remuneration	743	1,720
Benefits in kind	2	2
	<u>745</u>	<u>1,722</u>

### 6. Operating profit

	2022 53 weeks £'000	2021 52 weeks £'000
<b>Group</b>		
Operating profit is arrived at after charging/(crediting):		
Depreciation	1,118	1,253
Amortisation:		
Goodwill	1,806	2,398
Other intangibles	6,069	7,173
Loss on disposal of assets	19	56
Impairment of assets	-	6,437
Operating lease charges - land and buildings	2,752	2,819
Foreign exchange gain	(629)	(355)
	<u></u>	<u></u>

Amortisation of goodwill is included in administrative expenses.

Amortisation of other intangible assets is included in cost of sales (2022: £2.3m and 2021: £2.6m) and administrative expenses (2022: £3.8m and 2021: £4.6m).

# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

### 6. Operating profit (continued)

The analysis of the auditor's remuneration is as follows:

	2022 53 weeks £'000	2021 52 weeks £'000
Fees payable to the Company's auditor and its associates for		
- the audit of the Company's annual financial statements	231	160
- the audit of the Company's subsidiaries	74	82
<b>Total audit fees</b>	<b>305</b>	<b>242</b>
Taxation compliance services	74	62
Other taxation advisory services	22	117
Other services	78	32
<b>Total non-audit fees</b>	<b>174</b>	<b>211</b>

Fees payable to Deloitte LLP and its associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis. No services were provided pursuant to contingent fee arrangements.

### 7. Interest receivable and similar income

	2022 53 weeks £'000	2021 52 weeks £'000
<b>Group</b>		
Bank and other interest receivable	134	80

### 8. Interest payable and similar expenses

	2022 53 weeks £'000	2021 52 weeks £'000
<b>Group</b>		
Interest expense	9	15

# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

### 9. Tax on profit

#### (a) Tax charge included in profit

	2022 53 weeks £'000	2021 52 weeks £'000
<b>Current tax:</b>		
UK corporation tax at 19% (2021: 19%)	5,826	5,839
Adjustment in respect of prior periods	(823)	39
Foreign tax relief	(151)	(228)
Overseas subsidiaries tax	731	739
	<u>5,583</u>	<u>6,389</u>
Foreign tax suffered	<u>186</u>	<u>203</u>
<b>Total current tax</b>	<u><u>5,769</u></u>	<u><u>6,592</u></u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(353)	(195)
Adjustment in respect of prior periods	824	(104)
Effect of changes in tax rates	(113)	(172)
	<u>358</u>	<u>(471)</u>
<b>Total tax included in profit and loss account</b>	<u><u>6,127</u></u>	<u><u>6,121</u></u>

# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

### 9. Tax on profit on ordinary activities (continued)

#### (b) Reconciliation of tax charge

The tax assessed on Group profit for the year is higher than the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%) for the reasons set out in the following reconciliation:

	2022 53 weeks £'000	2021 52 weeks £'000
<b>Group profit on ordinary activities before tax</b>	<u>34,891</u>	<u>27,731</u>
Tax on Group profit on ordinary activities at standard UK corporation tax rate of 19% (2021: 19%)	6,629	5,269
Effects of expenses not deductible for tax purposes	617	1,286
Income not taxable	(1,274)	-
Effects of overseas tax rates	292	(105)
Utilisation of tax losses not previously recognised	-	(84)
Adjustment in respect of prior periods	79	39
Tax rate changes	(113)	(172)
Intangibles amortisation	(103)	(112)
<b>Group tax charge for the period</b>	<u>6,127</u>	<u>6,121</u>

The UK corporate tax rate has remained at 19% since April 2020. The increase of the UK corporation rate to 25% was substantively enacted in May 2021 (effective from 1 April 2023). The increase is reflected in deferred tax calculations as at 31 December 2022 and 2021.

# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

### 10. Intangible assets

Group	Goodwill £'000	Other intangible assets £'000	Total £'000
<b>Cost</b>			
At 25 December 2021	28,986	135,982	164,968
Additions	-	3,280	3,280
Exchange adjustments	-	6	6
Value adjustment	27	-	27
	<hr/>	<hr/>	<hr/>
At 31 December 2022	29,013	139,268	168,281
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At 25 December 2021	18,078	105,342	123,420
Charge for period	1,806	6,069	7,875
Exchange adjustments	-	5	5
	<hr/>	<hr/>	<hr/>
At 31 December 2022	19,884	111,416	131,300
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2022	9,129	27,852	36,981
	<hr/>	<hr/>	<hr/>
At 25 December 2021	10,908	30,640	41,548
	<hr/>	<hr/>	<hr/>

Other intangible assets of £27.9m (2021: £30.6m) include £4.7m (2021 £5.0m) of digital products, £15.1m (2021: £17.1m) of purchased publishing rights, £7.1m (2021: £7.2m) of digital pre-publication costs and other assets of £1.0m (2021: £1.3m), which include subscriber relationships, copyrights and contractual relationships.



## SAGE Publications Limited

### Notes to the financial statements (continued)

For the period ended 31 December 2022

#### 10. Intangible assets (continued)

Company	Goodwill £'000	Other intangible assets £'000	Total £'000
<b>Cost</b>			
At 25 December 2021	19,241	94,511	113,752
Additions	-	1,708	1,708
At 31 December 2022	19,241	96,219	115,460
<b>Amortisation</b>			
At 25 December 2021	11,492	74,939	86,431
Charge for the period	1,283	3,359	4,642
At 31 December 2022	12,775	78,298	91,073
<b>Net book value</b>			
At 31 December 2022	6,466	17,921	24,387
At 25 December 2021	7,749	19,572	27,321

Other intangible assets of £17.9m (2021: £19.6m) include £2.5m (2021: £1.9m) of digital products, £12.7m (2021: £14.4m) of purchased publishing rights, £2.0m (2021: £2.2m) of digital pre-publication costs and other assets of £0.7m (2021: £1.1m), which include trademarks and copyrights.

# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

### 11. Tangible assets

Group	Motor vehicles £'000	Fixtures, fittings, equipment and IT £'000	Short leaseholds and improvements £'000	Total £'000
<b>Cost</b>				
At 25 December 2021	580	8,165	3,938	12,683
Additions	111	307	-	418
Disposals	(380)	(299)	(68)	(747)
Exchange adjustments	8	45	8	61
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	319	8,218	3,878	12,415
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 25 December 2021	408	7,380	1,968	9,756
Charge for period	64	538	516	1,118
Disposals	(306)	(267)	(58)	(631)
Exchange adjustments	4	37	8	49
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	170	7,688	2,434	10,292
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 December 2022	<hr/> 149	<hr/> 530	<hr/> 1,444	<hr/> 2,123
At 25 December 2021	<hr/> 172	<hr/> 785	<hr/> 1,970	<hr/> 2,927

# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

### 11. Tangible assets (continued)

Company	Motor vehicles £'000	Fixtures, fittings, equipment and IT £'000	Short leaseholds and improvements £'000	Total £'000
<b>Cost</b>				
At 25 December 2021	236	5,747	3,012	8,995
Additions	66	87	-	153
Disposals	(168)	-	-	(168)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	134	5,834	3,012	8,980
<b>Depreciation</b>				
At 25 December 2021	224	5,439	1,636	7,299
Charge for period	14	237	468	719
Disposals	(167)	-	-	(167)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	71	5,676	2,104	7,851
<b>Net book value</b>				
At 31 December 2022	63	158	908	1,129
	<hr/>	<hr/>	<hr/>	<hr/>
At 25 December 2021	12	308	1,376	1,696
	<hr/>	<hr/>	<hr/>	<hr/>

### 12. Investments

Company	£'000
<b>Cost and net book value</b>	
At 25 December 2021	34,032
Adjustment of a contingent consideration	27
Subsidiary closure	(3,347)
	<hr/>
At 31 December 2022	30,712
	<hr/>

The Company's dormant subsidiaries Learning Matters Limited, Pion Limited and Sage Publications BV were closed in the period ending 31 December 2022.

## SAGE Publications Limited

### Notes to the financial statements (continued)

For the period ended 31 December 2022

#### 12. Investments (continued)

The Company owns 100% of the share capital of Edizioni del Centauro Srl, a company incorporated in Italy. Edizioni Del Centauro owns journal copyrights which are licensed to and published by the Company.

Adam Matthew Digital Limited, incorporated in the UK, is a wholly-owned subsidiary of Sage Publications Limited. Adam Matthew Digital Limited publishes unique primary source collections from archives around the world. Its award-winning collections span the social sciences, humanities and cover a multitude of topics ranging from Medieval manuscripts and Victorian moving images to ephemera from the 1960's.

Sage Publications Limited owns 76% of the share capital of Sage Publications India Pvt Limited, a company incorporated in India. The remaining share capital is held by Sage Publications Inc., the ultimate parent entity. Sage Publications India Pvt Limited has a successful local publishing programme producing academic and professional books and journals, it provides outsourced publishing services and distributes other Sage books and journals in its local markets.

Sage Publications Asia-Pacific Pte. Limited, incorporated in Singapore, is a wholly-owned subsidiary of Sage Publications Limited. Sage Publications Asia-Pacific Pte. Limited is responsible for the marketing and promotion of Sage content throughout the Asia Pacific region.

Sage Publications Limited owns 100% of the share capital of Wichtig International Limited, a company incorporated in the UK. Wichtig International Limited owns the entire share capital of Wichtig Publishing Srl, a company incorporated in Italy. The Wichtig acquisition included 13 established biomedical journals focused on the European market.

Talis Group Limited, a company incorporated in the UK, is a wholly owned subsidiary of Sage Publications Limited. Talis Group Limited owns the entire share capital of Talis Education Limited. The Talis Group provides and develops software and related solutions for higher education institutions.

Sage Publications Limited owns 100% of the share capital of Lean Library BV, a company incorporated in the Netherlands. Lean Library is a technology start-up which promotes the value of the academic library to patrons and brings library services directly into the patrons' workflow via their web browser.

#### 13. Stocks

	Group		Company	
	31-Dec-22 £'000	25-Dec-21 £'000	31-Dec-22 £'000	25-Dec-21 £'000
Finished goods	2,584	2,447	2,489	2,215
Work in progress	2,698	2,909	2,698	2,903
	<u>5,282</u>	<u>5,356</u>	<u>5,187</u>	<u>5,118</u>

Stock recognised in cost of sales during the period as an expense was £6.7m (2021: £6.5m).

# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

### 14. Debtors

	Group		Company	
	31-Dec-22	25-Dec-21	31-Dec-22	25-Dec-21
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Trade debtors	24,815	22,885	18,391	19,720
Other debtors	1,795	1,569	1,404	1,131
Amounts owed by ultimate parent company	4,112	1,346	4,706	1,633
Amounts owed by subsidiaries	-	-	11	2,088
Corporation tax	421	241	-	-
VAT and other taxes	1,584	810	734	275
Deferred tax asset	634	1,127	357	718
Prepayments and accrued income	3,034	3,154	2,368	2,368
	<u>36,395</u>	<u>31,132</u>	<u>27,971</u>	<u>27,933</u>
<b>Amounts falling due after one year:</b>				
Trade debtors	1,582	697	42	38
Amounts owed by subsidiaries	-	-	1,849	-
	<u>1,582</u>	<u>697</u>	<u>1,891</u>	<u>38</u>
<b>Total</b>	<u><u>37,977</u></u>	<u><u>31,829</u></u>	<u><u>29,862</u></u>	<u><u>27,971</u></u>

All amounts owed by Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

The deferred tax asset is discussed in greater detail in note 21.

### 15. Cash at bank and in hand

	Group		Company	
	31-Dec-22	25-Dec-21	31-Dec-22	25-Dec-21
	£'000	£'000	£'000	£'000
Cash at bank and in hand	<u>41,143</u>	<u>33,107</u>	<u>28,014</u>	<u>17,799</u>

# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

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

	Group		Company	
	31-Dec-22 £'000	25-Dec-21 £'000	31-Dec-22 £'000	25-Dec-21 £'000
Trade creditors	3,617	3,946	3,335	3,215
Amounts owed to subsidiaries	-	-	1,879	4,341
Corporation tax	979	1,224	195	523
VAT and other taxes	208	362	63	134
Other taxation and social security	1,304	3,408	1,006	3,094
Accruals	26,053	24,414	19,435	19,151
Deferred revenue	34,950	35,116	32,123	30,542
	<u>67,111</u>	<u>68,470</u>	<u>58,036</u>	<u>61,000</u>

All amounts owed to Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. In certain circumstances, the Company invoices its customers in advance of the related revenue being recognised. The Company will record a receivable and deferred revenue provided that it relates to an arrangement that is noncancelable and the Company has an unconditional right to bill and collect the receivable. Included in deferred revenue as of 31 December 2022 and 25 December 2021 is approximately £8.3m (Company only: £7.1m) and £10.8m (Company only: £9.6m) respectively of billings for which no cash has been collected.

### 17. Creditors: Amounts falling due after one year

	Group		Company	
	31-Dec-22 £'000	25-Dec-21 £'000	31-Dec-22 £'000	25-Dec-21 £'000
Contingent consideration	203	340	203	340
Amounts owed to subsidiaries	-	-	922	1,406
Deferred revenue - earning within 2 to 5 years	6,263	1,992	660	723
Deferred revenue - earning after 5 years	3,130	2,943	141	126
	<u>9,596</u>	<u>5,275</u>	<u>1,926</u>	<u>2,595</u>

This contingent consideration is generally paid out within 3 years. Amounts owed to subsidiaries represent a loan received by the Company. The loan is repayable on 8 August 2028 or earlier, wholly or in part, at the discretion of the Company. Interest at 7.5% per annum is payable on the loan.

## SAGE Publications Limited

### Notes to the financial statements (continued)

For the period ended 31 December 2022

#### 18. Provisions for liabilities

Group	Deferred tax £'000	Long-term incentive plan £'000	Building dilapidations £'000	Total £'000
At 25 December 2021	1,615	1,126	823	3,564
(Credit)/charge to profit and loss	(120)	850	24	754
At 31 December 2022	1,495	1,976	847	4,318
<b>Company</b>				
At 25 December 2021	-	832	823	1,655
(Credit)/charge to profit and loss	-	861	24	885
At 31 December 2022	-	1,693	847	2,540

The deferred tax liability is discussed in greater detail in note 21.

The purpose of the long-term incentive plan is to incentivise and reward key executives of the Group for long-term contributions to the Group's growth. The amount provided is expected to be paid in 2023 and 2024 and the amount payable is dependent on future profits of the Group.

The dilapidations provision relates to the estimated cost of returning the leasehold property to its original state at the end of the lease in accordance with the lease terms. The provision is expected to be utilised in 2023 and 2024 as the leases terminate, and the amount payable will be agreed at the end of the tenancy and be guided by a surveyor's report.

# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

### 19. Financial instruments

The carrying values of the Group and Company's financial assets and liabilities are summarised by category below:

	Group		Company	
	31-Dec-22	25-Dec-21	31-Dec-22	25-Dec-21
	£'000	£'000	£'000	£'000
<b>Financial assets</b>				
Debt instruments measured at amortised cost:				
Trade and other debtors (note 14)	28,192	25,151	19,837	20,889
Amounts owed by ultimate parent company (note 14)	4,112	1,346	4,706	1,633
Amounts owed by subsidiaries (note 14)	-	-	11	2,088
Cash at bank and in hand (note 15)	41,143	33,107	28,014	17,799
	<u>73,447</u>	<u>59,604</u>	<u>55,052</u>	<u>42,409</u>
<b>Financial liabilities</b>				
Measured at amortised cost:				
Trade and other creditors (note 16)	(3,617)	(3,946)	(3,335)	(3,215)
Amounts owed to subsidiaries (notes 16 and 17)	-	-	(2,801)	(5,747)
Other financial liabilities measured at fair value:				
Contingent consideration (note 17)	(203)	(340)	(203)	(340)
	<u>(3,820)</u>	<u>(4,286)</u>	<u>(6,974)</u>	<u>(9,302)</u>



# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

### 20. Employee benefits

#### Defined contribution scheme

The Company operates a discretionary defined contribution pension scheme, which is managed by an independent insurance company. The pension charge represents contributions payable by the Group which amounts to £3.2m (2021: £3.0m). As at 31 December 2022, contributions of £0.4m (2021: £0.3m) in respect of the current reporting period had not been paid over to the schemes.

### 21. Deferred taxation

The provision for deferred tax consists of the following deferred tax assets/(liabilities):

	Group		Company	
	31-Dec-22	25-Dec-21	31-Dec-22	25-Dec-21
	£'000	£'000	£'000	£'000
Fixed assets	242	222	136	66
Current assets	389	1,798	892	1,551
Intangible assets	(1,435)	(2,335)	(671)	(899)
Deferred taxation - overseas subsidiaries	(57)	(173)	-	-
	<u>(861)</u>	<u>(488)</u>	<u>357</u>	<u>718</u>

The deferred tax assets/(liabilities) are presented as follows within the balance sheet:

	Group		Company	
	31-Dec-22	25-Dec-21	31-Dec-22	25-Dec-21
	£'000	£'000	£'000	£'000
Within debtors due within one year (note 14)	634	1,127	357	718
Within provisions for liabilities (note 18)	(1,495)	(1,615)	-	-
	<u>(861)</u>	<u>(488)</u>	<u>357</u>	<u>718</u>

Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the tax group.

# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

### 22. Lease obligations

Future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings			
	Group		Company	
	31-Dec-22	25-Dec-21	31-Dec-22	25-Dec-21
	£'000	£'000	£'000	£'000
Within one year	3,526	3,245	2,879	2,751
Between one and five years	4,348	6,089	3,042	5,196
	<u>7,874</u>	<u>9,334</u>	<u>5,921</u>	<u>7,947</u>

### 23. Called-up share capital and reserves

	31-Dec-22	25-Dec-21	31-Dec-22	25-Dec-21
	Number	Number	Number	Number
<b>Authorised:</b>				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid:</b>				
Ordinary shares of £1 each	<u>509</u>	<u>509</u>	<u>509</u>	<u>509</u>

The Group and Company's other reserves are as follows:

Foreign currency translation reserve – comprises translation differences arising from the translation of financial statements of the Group's foreign entities into pound sterling.

The profit and loss account for the Group represents cumulative earnings net of dividends paid. The profit and loss account for the Company only includes translation differences from branches.

# SAGE Publications Limited

## Notes to the financial statements (continued)

For the period ended 31 December 2022

### 24. Cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities:

	31-Dec-22 £'000	25-Dec-21 £'000
Operating profit	34,766	27,666
<i>Adjustment for:</i>		
Depreciation and amortisation	8,993	10,824
Loss on disposal of assets	19	56
Impairment of assets	-	6,437
Intangible valuation	(27)	-
Movement in provisions	874	(1,383)
	<hr/>	<hr/>
Operating cash flow before movement in working capital	44,625	43,600
Decrease in stock	74	40
Decrease / (increase) in debtors	(6,461)	2,865
(Decrease) / increase in creditors	3,207	(6,384)
	<hr/>	<hr/>
Cash generated from operations	41,445	40,121
Tax paid - UK	(5,015)	(3,810)
Tax paid - overseas subsidiaries	(1,023)	(1,246)
Interest paid	(9)	(15)
Interest received	134	80
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>35,532</u>	<u>35,130</u>

### 25. Non-controlling interests

Group	£'000
At 25 December 2021	2,084
Profit on ordinary activities after tax	237
	<hr/>
At 31 December 2022	<u>2,321</u>

## SAGE Publications Limited

### Notes to the financial statements (continued)

For the period ended 31 December 2022

#### 26. Subsidiary undertakings

Name	Class of share	Country	% Owned	Type
<b>Subsidiaries</b>				
Sage Publications India Pvt Limited	Ordinary	India	76%	Direct
Sage Publications Asia-Pacific Pte Limited	Ordinary	Singapore	100%	Direct
Adam Mathew Digital Limited	Ordinary	UK	100%	Direct
Edizioni Del Centauro Srl	Ordinary	Italy	100%	Direct
Lean Library BV	Ordinary	Netherlands	100%	Direct
Talis Group Limited	Ordinary	UK	100%	Direct
Wichtig International Limited	Ordinary	UK	100%	Direct

The registered address of all the UK subsidiaries is 1 Oliver's Yard, 55 City Road, London, EC1Y 1SP.

#### The registered addresses of the foreign subsidiaries are as follows:

Sage Publications India Pvt Limited	B-1/I-1, Mohan Cooperative Industrial Area, Mathura Road, New Delhi – 110 044
Sage Asia Pacific Pte Limited	18 Cross Street #10-10/11/12, China Square Central, Singapore 048423
Edizioni Del Centauro Srl	Bologna (BO), Via Calvinize 1/D, CAP 40121
Lean Library BV	Filips van Bourgondiestraat 14, 3117SE Schiedam, Netherlands

All the subsidiaries have been included in the consolidated results.

#### 27. Related party transactions

The directors are considered to be key management personnel, and have the authority and responsibility for planning, directing and controlling the activities of the entity. Please refer to note 5 for the disclosure of directors' remuneration.

Disclosures need not be given of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

#### 28. Ultimate parent company

Sage Publications Limited, a company incorporated in the United Kingdom, is a wholly-owned subsidiary undertaking of Sage Publications Inc., a company incorporated in the United States of America, with a registered address of C/O Cogency Global Inc, 850 New Burton Road, Suite 201, Dover, DE 19904, United States of America. Sage Publications Inc. is the parent undertaking of the largest and smallest group which includes the Company, for which the financial statements are prepared.

#### 29. Subsequent events

On 10 March 2023, the Company acquired the assets of the Epigeum business from Oxford University Press. The Epigeum business is a leading provider of peer-reviewed, high-quality and innovative online courses for universities and colleges, which complement Sage's existing portfolio of Sage Campus online courses.