

Company Registration No. 01017514

SAGE Publications Limited

Annual report and financial statements

For the 52 week period ended

26 December 20201

SAGE Publications Limited

Annual report and financial statements for the 52 week period ended 25 December 2021

Contents	Page
Company Information	1
Strategic report	2
Directors' report	9
Directors' responsibilities statement	20
Independent auditor's report	21
Consolidated profit and loss account	25
Consolidated statement of comprehensive income	26
Consolidated balance sheet	27
Company balance sheet	28
Consolidated statement of changes of equity	29
Company statement of changes of equity	30
Consolidated statement of cash flows	31
Notes to the financial statements	32

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
London
EC4A 3HQ

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 52 week period ended 25 December 2021 (2020 – 52 week period ended 26 December 2020).

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 library products including archives, data, case studies, video and software services.

Turnover increased from £158.0m for the period ended 26 December 2020 to £168.9m for the period ended 25 December 2021 and pre-tax profit for the period ended 25 December 2021 was £27.7m (2020: £15.1m). The business continued to be strongly cash-generative, and the Company paid an interim dividend of £22.6m (2020: £14.0m) to the ultimate parent company in 2021. The directors do not propose a final dividend in respect of 2021.

The Group's net assets decreased by £1.5m to £37.5m at 25 December 2021. This decrease is principally attributable to the profit for the period of £21.6m, which was offset by the dividends paid by the Group to the parent company of £23.0m.

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	2021 £'000	2020 £'000	Change £'000	Change %
Turnover	168,887	157,971	10,916	6.9%
Profit before tax	27,731	15,148	12,583	83.1%
Net cash inflow from operating activities	35,130	19,719	15,411	78.2%

- Following a cautious year in 2020, during which the market responded to the uncertainty created by the Covid-19 pandemic, the Group saw renewed confidence across its key institutional customer base in 2021 driving a £10.9m increase in turnover to £168.9m. Sales of our digital products showed particularly robust growth as institutions adapted to more online interaction with purchases of resources supporting remote learning and research.
- Profit before tax has grown strongly in 2021, increasing 83.1% to £27.7m. The increase is the result of both the growth in revenues, and an enterprise-wide focus on carefully managing the cost base.
- The 78.2% increase in the net cash inflow generated by the business during 2021 is the result of a £15.4m increase in the net cash inflow from operating activities due to both improvements in operating profit adjusted for non-cash items and 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 DEI Council, 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. The risks connected with the Covid-19 pandemic have diminished. Our customers have adapted to the pandemic restrictions, and have embedded online models to support teaching, learning and research. The impact of the Covid-19 pandemic and management's response to it are described more fully in the Directors' report.

After successfully transitioning to remote working practices in 2020, SAGE saw continued robust demand for its core products throughout 2021. Demand for higher education continued to be strong across our international markets, for example the UCAS end of cycle 2021 release reported that applications to higher education across the UK in 2021 were 5% higher and acceptances were 1% higher than 2020, which was itself a record year. The Group also saw increased demand for its digital products supporting institutions as they increased their provision of online 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, and specifically the Group's business exposure as a result 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 particularly as the global Covid-19 related restrictions are eased.

The Company made extensive and thorough preparations in advance of Britain's exit from the European Union trade bloc and customs union on 30th December 2020, and as a result, these changes have had a minimal effect on Group trading. It remains the Group's view that the impact on academic publishing and the SAGE Publishing Group of the ongoing risks posed by Brexit will be manageable particularly as the Group trades in many territories across the globe and is not overly reliant on sales to Europe.

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. The Covid-19 lockdown related risks facing our customers, particularly those associated with the sale of print books, have now largely been mitigated, but SAGE remains in close contact with its customers in this area and seeks to minimise its credit risk whilst supporting the market during this period.

SAGE Publications Limited

Strategic report (continued)

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 governments have sought to support higher education through the pandemic. Consequently, there have not been significant reductions in the provision of funding to the sector. 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.

Currency risk: The Group generates substantial foreign currency cash earnings particularly in USD, but has a natural currency hedge that 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 up to date. 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 attacks. 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 undertook a detailed review of its business and technical processes in readiness for the implementation of the GDPR legislation on 25th May 2018. The work that was undertaken is in line with the ICO's 12 step guide and 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 Covid-19 pandemic demonstrated that the business has been able to deliver high quality work, maintain strong relationships with our strategic partners and customers, and work in teams successfully while working remotely. 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, and although the pandemic has limited our opportunities to interact with the local community during 2021, previously SAGE supported employees to undertake charitable workdays and volunteer at a local school.

The pandemic has had a huge impact on learning and education, with the global lockdowns forcing teaching online. SAGE has provided free resources to help educators effectively adapt their teaching to meet the demands of remote learning, with advice and support covering the creation of good online content and online courses as well as lecturing online. SAGE has also provided free medical, social and behavioural science articles to support the global community's response to the COVID-19 pandemic. This includes the latest medical research from SAGE related to the virus as well as top social and behavioural research to help individuals, communities, and leaders make the best decisions on dealing with the outbreak and its consequences.

In response to the Russian invasion of Ukraine, the Group has opened its platforms to users in Ukraine so that there are no restrictions on the content they can access for teaching or research. The directors have ensured that SAGE content is also freely available to Ukraine via Research4Life (a platform and website, which provides institutions in lower income countries with online access to peer reviewed academic content).

SAGE Publications Limited

Strategic report (continued)

Section 172 statement (continued)

SAGE will continue to follow governments' and EU guidance on how businesses should respond to this crisis. Academic content now provides one of the few sources of independent information in Russia and helps provide information, concepts and language on which a clear understanding of the situation can be based. SAGE will carefully interrogate any initiative that might support Russia's war effort, for instance ones that could involve translation of research on materials, computing, or other areas of engineering, and refuse to participate in those.

SAGE is clear about the need to differentiate between social and behavioural sciences/HSS publishing, which largely advances general understanding of world affairs, and STM areas (most likely engineering, computing or material sciences rather than medicine) that could provide material benefit to Russia's war effort.

The directors are committed to adopting environmentally sustainable business practices and lessening our impact on the environment. Measurement and reporting of environmental matters is a key part of that policy, as is our membership of publishing industry sustainability initiatives through which the directors seek to minimise the Company's environmental impact. Some of the steps already taken include working with our printing partners to ensure the use of accredited sustainable papers for printing, local printing to avoid shipping and air freight, and wrapper free mailing of journal issues.

The Global Sustainability Group and the SAGE UK Green Group which includes senior management representation, have been set up to make the environment and sustainability a core part of SAGE's mission and to encourage SAGE staff and business partners to act consciously for the future of our planet. This Group actively promotes green issues and provides advice and suggestions on living a more sustainable lifestyle as well as promoting companywide green initiatives such as reducing usage of plastic and paper in the office. Furthermore, at the beginning of 2022 a sustainability consultant was appointed to help the Group develop and implement our global sustainability strategy.

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 18 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 take action 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
30 June 2022

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 52 week period ending 25 December 2021.

Going concern

The Group ended the period with cash reserves of £33.1m and net current assets of £1.8m, and continued to trade profitably. As described in the Strategic report and expanded upon here, solutions to many of the Covid-19 pandemic challenges have been found over the last two years, helping to mitigate the trading pressures created by successive lockdowns. The pressures on the sales of physical books have not been as great as expected, and the Group has benefitted as customers have increased their purchase of our digital products that support research and learning in an online environment. Furthermore, student demand for higher education has remained strong and governments have continued to support universities and the education sector in general.

The impact of the pandemic on businesses has been felt differentially depending on both the level of market exposure to the direct impact of the lockdown, and the specific individual circumstances of the Company. 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. As lockdown measures have eased, senior management are 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 2022 subscription year access. Our key university customers have remained active during this exceptional period, 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.

The area of the business that saw the most significant impact because of the lockdowns in 2020 was the sale of print books. Although our book commissioning and publishing programme continues normally, the physical supply of print books was challenging. However, during 2021 we saw a recovery in print book sales as sales shifted to online retailers from physical bookshops that were directly impacted by the lockdowns. Digital e-books also delivered strong growth during 2021, and we saw new digital book products such as SAGE Catalyst, which is sold directly to institutions, resonate in the market and deliver strong sales.

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 the general economic outlook remains unsettled, 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. Consequently, the directors have a

SAGE Publications Limited

Directors' report (continued)

Going concern (continued)

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, in common with most employers, has seen a rise in employees suffering with mental health difficulties as a result of the challenges created by the pandemic and successive lockdowns. 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 risk and climate change to be a principal risk 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 £0.1m (2020: £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

The Company has evaluated all events subsequent to the balance sheet date through to the date of approval of these financial statements and no subsequent events that require disclosure were identified.

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

Boundaries of the organisation

For the purposes of Streamlined Energy and Carbon Reporting, we have taken the organisation to consist of SAGE Publications Limited and all its active subsidiaries that are headquartered in the UK. Thus this report covers SAGE Publications Limited (the Company), Talis Group Limited (Talis) and Adam Matthew Digital Limited (AMD). These entities are 100% owned by the Company. The Company has other subsidiaries based outside the UK and also some dormant subsidiaries which have been excluded from this analysis. There are four locations covered for historical data: the Company office in Central London, the Company warehouse in Peterborough and Talis and AMD offices in Birmingham and Marlborough, respectively. Talis gave up its office in 2020, so it is not included in 2021 reporting.

Period covered

This report covers the 52 week period ended 25 December 2021 (2020 – 52 week period ended 26 December 2020).

Key environmental impacts

For data gathering and analysis, we have split the organisation's impact between Scope 1 and Scope 2 emissions. We have not attempted an analysis of Scope 3 emissions, though we recognise that those are likely to be a much more significant part of the organisation's overall profile than Scope 1 and 2. In future, we will be addressing this.

Scope 1: All direct emissions: we have included use of natural gas in heating offices and our warehouse, and company car mileage, both petrol and diesel.

Scope 2: Indirect emissions: we have included electricity use in our offices. For simplicity, we have ignored the carbon offsetting of electricity in the AMD office.

Scope 3: All other indirect emissions: we have not included these in our analysis. We recognise that this includes business travel (air and train), but more significantly would include the raw materials and production and distribution of our products (paper books and journals and their online equivalents as well as software and electronic-only products.)

Measurements

For this report, we have only compiled data relating to carbon emissions (or equivalent). Given the nature of our business, other impact categories (such as water, waste, materials) are either of very minor importance in our Scope 1 and 2 operations, or they are of significant importance but sit within Scope 3 (such as use of water in the production of paper).

Data has been collected via kWh values on electricity and gas bills for the four locations covered, and from mileage data provided by company car users. In some cases, it has been necessary to estimate 2019 data based on 2018 and 2020 data: in such cases we have erred on the side of over-estimating.

Conversion of data into 'kilograms Carbon dioxide equivalent' (kgCO₂e) based on data from the Carbon Trust (September 2020).

SAGE Publications Limited

Directors' report (continued)

Restatement of 2019 & 2020 Reporting

In our 2021 calculation of 2019 and 2020 figures for the Company's Central London office and for AMD we inadvertently did not include data for combustion of gas for heating (Scope 1). We have now therefore gathered the historic gas combustion data for the Company's Central London office and estimated data for AMD, and recalculated 2019 and 2020 figures to enable an accurate baseline for 2021 comparison. The additional data is included in the table below.

2019

Scope	Unit	AMD	Talis	The Company Warehouse	The Company Office	Total
2	Electricity (kWh)	51,105	21,399	125,167	304,257	501,928
1	Gas (kWh)	27,185	44,522	59,472	237,622	368,801
1	Mileage (Petrol)	30,052	2,873	16,852	31,749	81,526
1	Mileage (Diesel)	-	16,852	-	18,370	35,222
	<i>Average Headcount</i>	<i>87</i>	<i>34</i>	<i>25</i>	<i>486</i>	<i>632</i>

2020

Scope	Unit	AMD	Talis	The Company Warehouse	The Company Office	Total
2	Electricity (kWh)	27,402	9,895	116,700	217,111	371,108
1	Gas (kWh)	13,800	17,162	44,140	255,293	330,395
1	Mileage (Petrol)	10,181	1,014	1,759	22,756	35,710
1	Mileage (Diesel)	-	1,759	-	6,202	7,961
	<i>Average Headcount</i>	<i>87</i>	<i>35</i>	<i>22</i>	<i>441</i>	<i>585</i>

Conversion factors used are set out below:

Unit	Conversion Factor
Electricity (kWh)	0.23314
Gas (kWh)	0.18387
Mileage (Petrol)	0.23877
Mileage (Diesel)	0.22082

The impact of this is shown in the tables on the next page.

SAGE Publications Limited

Directors' report (continued)

The tables below use the conversion factors to provide kgCO₂e data for each element of each location's operations. It also uses the staff numbers to provide a kgCO₂e/person figure.

2019

	AMD	Talis	The Company Warehouse	The Company Office	Total
Electricity	11,915	4,989	29,181	70,934	117,019
Gas	4,998	8,186	10,935	43,692	67,811
Mileage (Petrol)	7,175	686	4,024	7,581	19,466
Mileage (Diesel)	-	3,721	-	4,056	7,777
Total	24,088	17,582	44,140	126,263	212,073
<i>Per person</i>	<i>276.9</i>	<i>517.1</i>	<i>1,765.6</i>	<i>259.8</i>	<i>335.6</i>

2020

	AMD	Talis	The Company Warehouse	The Company Office	Total
Electricity	6,388	2,307	27,207	50,617	86,519
Gas	2,537	3,156	8,116	46,941	60,750
Mileage (Petrol)	2,431	242	420	5,433	8,526
Mileage (Diesel)	-	389	-	1,370	1,759
Total	11,356	6,094	35,743	104,361	157,554
<i>Per person</i>	<i>130.5</i>	<i>174.1</i>	<i>1,624.7</i>	<i>236.6</i>	<i>269.3</i>

Key Performance Indicators

Revised figures for kgCO₂e/person are therefore as set out below:

KgCO ₂ e/person	AMD	Talis	The Company Warehouse	The Company Office	Total per person
2019	276.9	517.1	1,765.6	259.8	335.6
2020	130.5	174.1	1,624.7	236.6	269.3
Change %	-53%	-66%	-8%	-9%	-20%

On the recalculated figures, 2020 saw a drop of 20% in kgCO₂e/person.

Year	kgCO ₂ e/ £'000 turnover	kgCO ₂ e/ £'000 profit
2019	1.30	11.90
2020	1.00	10.40
Change %	-23%	-13%

SAGE Publications Limited

Directors' report (continued)

In 2020, kgCO₂e/£'000 of turnover dropped to 1kg, and the same measure against profit dropped 13% to 10.40.

Impact of closure of the Talis Office in 2020

Talis ceased to have an office in 2020, and all staff moved to home-working. The table below shows the gross effect of that, plus the impact of the pandemic on kgCO₂e/person. Note that this is the gross effect – we did not capture any increases in domestic consumption of gas or electricity from the switch to home-working.

2021 Report

The data collected is summarised in this table, split between the various entities and locations, and showing average headcount for each location each year. As previously stated, 2019 is our chosen base year.

Scope	Unit	AMD	Talis	The Company Warehouse	The Company Office	Total
2	Electricity (kWh)	27,555	-	113,743	210,787	352,085
1	Gas (kWh)	16,700	-	51,018	245,369	313,087
1	Mileage (Petrol)	6,600	3,065	-	6,705	16,370
1	Mileage (Diesel)	-	1,206	-	4,529	5,735
	<i>Average Headcount</i>	<i>91</i>	<i>35</i>	<i>22</i>	<i>422</i>	<i>570</i>

For 2021 data, the conversion factors are taken from HM Government¹:

Unit	Conversion Factor
Electricity (kWh)	0.21233
Gas (kWh)	0.18316
Mileage (Petrol)	0.30231
Mileage (Diesel)	0.26549

The table below uses the conversion factors to provide kgCO₂e data for each element of each location's operations. It also uses the staff numbers to provide a kgCO₂e/person figure.

	AMD	Talis	The Company Warehouse	The Company Office	Total
Electricity	5,851	-	24,151	44,756	74,758
Gas	3,059	-	9,344	44,942	57,345
Mileage (Petrol)	1,995	927	-	2,027	4,949
Mileage (Diesel)	-	320	-	1,202	1,522
Total	10,905	1,247	33,495	92,927	138,574
<i>Per person</i>	<i>119.8</i>	<i>35.6</i>	<i>1,522.5</i>	<i>220.2</i>	<i>243.1</i>

¹ <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>

SAGE Publications Limited

Directors' report (continued)

Analysis

The total kgCO₂e of the organisation, based on Scope 1 and 2 emissions, was 138,574 kgCO₂e in 2021, down 18,979kg (12%) on 2020, and down 73,499kg (35%) on 2019.

In the 2020 report, owing to the pandemic, we did not set targets for 2021 but guessed that 2021 would be lower than 2019 and not more than 10% higher than 2020. It turned out to be 12% down on 2020.

Intensity ratios

For this analysis, we have continued to use four intensity ratios: total kgCO₂e, total kgCO₂e per personnel number, total kgCO₂e per £1,000 of revenue and total kgCO₂e per £1,000 of profit.

Because the warehouse forms part of the Company's operations, and AMD and Talis are both part of the Group, we have provided rolled-up intensity measures.

Intensity ratios	2019	2020	2021
Total KgCO ₂ e	212,073	157,554	138,574
Change		-26%	-12%
KgCO ₂ e/person	335.6	269.3	243.1
Change		-20%	-10%
KgCO ₂ e/ £'000 turnover	1.30	1.00	0.82
Change		-23%	-18%
KgCO ₂ e/£'000 profit	11.9	10.4	5.0
Change		-13%	-52%

On a per person measure, carbon intensity dropped from 335.6kg/person to 243.1 kg/person between 2019 and 2021. This 28% reduction is a gross figure – much of it is driven by the impact of the pandemic and the closure of the Talis office, both of which have displaced some emissions to domestic premises. At the same time there will be some carbon saving as staff were not commuting.

Revenue and profit measures

Overall, there was a 35% drop in total kgCO₂e between 2019 and 2021, which is mirrored in the revenue carbon intensity ratio improvement between 2019 and 2021. Figures for the profit ratio suggest that improved profitability, as well as overall carbon reduction, plays a part in the improvement in the profit ratio.

Actions in 2021

2021 was the second year of pandemic. The Company's operations continued to run smoothly, and offices were open when that was allowed under covid regulations, but for the vast majority of staff working from home remained the norm throughout the year. We did not attempt to capture the extra impact that working from home may have had on individual staff members' energy profiles.

Both local Company sustainability activity and global sustainability activity from the Group continued to grow and strengthen throughout 2021. In early 2021, The Company instituted a Global Sustainability Group (GSG), with representation from across the globe as well as strong local 'green groups' in the UK, US and India. The GSG's role is to coordinate and build sustainability activity across the global SAGE offices.

SAGE Publications Limited

Directors' report (continued)

In early 2021 SAGE signed up to the Publishers Compact of the UN SDGs².

In October 2021 SAGE signed up to the UK Publishers Association pledge:

Publishing Declares

We, the undersigned, pledge to:

- *Join the global climate effort to limit warming to 1.5°C by setting ambitious, measurable targets across our own operations and extended supply chain to achieve net zero as soon as possible and by 2050 at the latest.*
- *Protect nature and biodiversity, working with supply chain partners that are resource efficient, using sustainable materials and processes in the content we produce, and constantly innovating to make use of new and recycled materials.*
- *Collaborate with our peers, authors, illustrators, value chain actors and business partners to translate our climate aspirations and commitments into tangible actions to safeguard our planet for future generations.*
- *Empower our colleagues to become climate literate and support them to bring that knowledge into the work that they do.*
- *Use our expertise and the power of the written word to raise awareness and drive positive climate action wherever we can.*

Where international flights remain a necessary part of our business activity, we have continued in 2021 our practice of offsetting those flights using certified offsetting projects. This will continue in future years, and colleagues in our Asia-Pacific offices will be doing the same from 2022. While we regard carbon reduction as the ultimate goal, we will continue to use offsetting to address known impacts that are not susceptible to reduction at this time.

Looking Forward: 2022 and Beyond

Towards the end of 2021, SAGE committed to calculation of its global carbon footprint (Scopes 1 and 2 and the travel portion of scope 3) for a base year of 2019, for 2021 and for future years. We also undertook to appoint a sustainability consultant to work with us to develop our sustainability plans and goals. Work on both those commitments is now underway.

Calculation of our global carbon footprint is the first step in developing long-term, global plans for the environmental sustainability of our business. Without a baseline, we cannot set meaningful reduction targets. While the initial calculation will be limited to scopes 1,2 and part of scope 3 and will necessarily involve some estimation of data that we have never sought to collect before, it is envisaged as the starting point. Our intent is to expand our work to cover as much of scope 3 as falls within our ability to measure and control as well as covering scopes 1 and 2 for our global operations. As discussed in last year's report, we believe that the scope 3 emissions related to the production and distribution of our products (books and journals, delivered in print and online) almost certainly represent the bulk of our carbon footprint.

In addition, in future years, we will be focusing on other resources, plastics, water, waste reduction etc.

² <https://www.un.org/sustainabledevelopment/sdg-publishers-compact/>

SAGE Publications Limited

Directors' report (continued)

Targets for 2022 and Beyond

At the time of writing, businesses in the UK are re-opening their offices and encouraging staff to return to those offices. SAGE is no exception to this trend, but we do not underestimate the huge changes that the pandemic has wrought in how people work and where they are willing to work. The changes in energy use that are detectable in the data from 2019 to 2021 are largely driven by the impact of the pandemic. Offices and working activity will not be like 2019 again. We have not sought to capture the extra domestic energy use from homeworking, believing that the reduction in commuting provides an overall positive impact. Our green group are working on guidance for staff to enable them to work more sustainably from home. A likely impact of the pandemic, though, is for a reduction in the need for office space, and this may lead in 2022 and beyond to significant gross reductions in The Company's carbon intensity.

If we leave aside the possibility of a reduction in office space to think about a carbon intensity target for 2022, then it seems reasonable that we aim for a 5% reduction on total 2021 levels and a 5% reduction on the per person measure.

Verification & Assurance

Through broader industry initiatives, such as the ones mentioned above, tools and common standards are being developed, which will enable greater verification of and assurance over—especially Scope 3—emissions. They will also provide common approaches for making choices (e.g. between different sorts of papers or glues), and standards to hold suppliers to.

Upstream Impacts

As discussed, the majority of the Company's environmental impact really consists of the upstream impacts of our products, whether through choice and use of paper, printing and distribution. We have already begun work on some of these areas, for example through the use of accredited sustainable papers for printing.

Downstream Impacts

Although not as significant as the upstream impacts, the distribution of our products and their eventual disposal is part of the picture and we are building on efforts started in 2020 to reduce the impact of these, for example:

- Wrapper-free mailing of journal issues to reduce use of plastic
- Local printing of books to avoid emissions from shipping/air freight

Business Continuity and Environmental Risk

The Company is committed to the sustainability of our business and to lowering the environmental impact of all our activities. While we have been working on many aspects of these for some years, our commitment to broader industry initiatives and external goals, and the increasing ability to measure our impact provide both the framework and tools to extend our activities beyond the minimum, and to ensure a sustainable future for SAGE and the global community it serves.

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

30 June 2022

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 25 December 2021 and of the group's profit for the 52-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. 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 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.
- 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 specific 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:


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

30 June 2022

SAGE Publications Limited

Consolidated profit and loss account

For the period ended 25 December 2021

	Notes	2021 52 weeks £'000	2020 52 weeks £'000
Turnover	4	168,887	157,971
Cost of sales		(59,900)	(58,989)
		<hr/>	<hr/>
Gross profit		108,987	98,982
Distribution costs		(2,533)	(2,828)
Administrative expenses		(78,788)	(80,824)
		<hr/>	<hr/>
Operating profit	6	27,666	15,330
Interest receivable and similar income	7	80	45
Interest payable and similar expenses	8	(15)	(227)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		27,731	15,148
Tax on profit on ordinary activities	9	(6,121)	(2,916)
		<hr/>	<hr/>
Profit for the financial period		<u>21,610</u>	<u>12,232</u>
Profit attributable to:			
Owners of the Parent		21,203	11,863
Non-controlling interests	25	407	369
		<hr/>	<hr/>
		<u>21,610</u>	<u>12,232</u>

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 25 December 2021

	Note	2021 52 weeks £'000	2020 52 weeks £'000
Profit for the financial period		21,610	12,232
Currency translation difference on foreign currency investments		(144)	(218)
Other comprehensive loss		(144)	(218)
Total comprehensive income for the period		<u>21,466</u>	<u>12,014</u>
Total comprehensive income attributable to:			
Owners of the Parent		21,059	11,645
Non-controlling interests	25	407	369
		<u>21,466</u>	<u>12,014</u>

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

SAGE Publications Limited

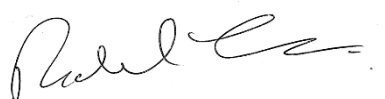
Consolidated balance sheet

As at 25 December 2021

	Notes	25-Dec-21 £'000	25-Dec-21 £'000	26-Dec-20 £'000	26-Dec-20 £'000
Fixed assets					
Goodwill	10		10,908		19,485
Intangible assets	10		30,640		34,277
Tangible assets	11		2,927		3,757
			<u>44,475</u>		<u>57,519</u>
Current assets					
Stocks	13	5,356		5,396	
Debtors	14	31,829		34,842	
Cash at bank and in hand	15	33,107		25,450	
		<u>70,292</u>		<u>65,688</u>	
Creditors: Amounts falling due within one year	16	(68,470)		(74,625)	
Net current assets			<u>1,822</u>		<u>(8,937)</u>
Total assets less current liabilities			46,297		48,582
Creditors: Amounts falling due after one year	17		(5,275)		(4,901)
Provision for liabilities	18		(3,564)		(4,714)
Net assets			<u>37,458</u>		<u>38,967</u>
Capital and reserves					
Called-up share capital	23		1		1
Foreign currency translation reserve			(652)		(508)
Profit and loss account			<u>36,025</u>		<u>37,797</u>
Shareholders' funds			35,374		37,290
Non-controlling interests	25		2,084		1,677
Total capital employed			<u>37,458</u>		<u>38,967</u>

The financial statements of SAGE Publications Limited (registered number 01017514) were approved by the Board of Directors and authorised for issue on 30 June 2022. 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 25 December 2021

	Notes	25-Dec-21 £'000	25-Dec-21 £'000	26-Dec-20 £'000	26-Dec-20 £'000
Non-current assets					
Goodwill	10		7,749		9,031
Intangible assets	10		19,572		21,036
Tangible assets	11		1,696		2,406
Investments	12		34,032		46,123
			<hr/>		<hr/>
			63,049		78,596
Current assets					
Stocks	13	5,118		5,043	
Debtors	14	27,971		30,647	
Cash at bank and in hand	15	17,799		15,703	
		<hr/>		<hr/>	
		50,888		51,393	
Creditors: Amounts falling due within one year	16	(61,000)		(69,360)	
			<hr/>		<hr/>
Net current liabilities			(10,112)		(17,967)
			<hr/>		<hr/>
Total assets less current liabilities			52,937		60,629
Creditors: Amounts falling due after one year	17		(2,595)		(2,880)
Provision for liabilities	18		(1,655)		(3,278)
			<hr/>		<hr/>
Net assets			48,687		54,471
			<hr/>		<hr/>
Capital and reserves					
Called-up share capital	23		1		1
Profit and loss account			48,686		54,470
			<hr/>		<hr/>
Shareholders' funds			48,687		54,471
			<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 £16.9m (2020: £14.1m).

The financial statements of SAGE Publications Limited (registered number 01017514) were approved by the Board of Directors and authorised for issue on 30 June 2022. 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
At 28 December 2019	1	(290)	39,926	39,637	1,308	40,945
Profit for the financial period	-	-	11,863	11,863	369	12,232
Other comprehensive loss for the financial period	-	(218)	-	(218)	-	(218)
Total comprehensive income for the financial period	-	(218)	11,863	11,645	369	12,014
Dividends paid	-	-	(13,992)	(13,992)	-	(13,992)
At 26 December 2020	1	(508)	37,797	37,290	1,677	38,967
Profit for the financial period	-	-	21,203	21,203	407	21,610
Other comprehensive loss for the financial period	-	(144)	-	(144)	-	(144)
Total comprehensive income for the financial period	-	(144)	21,203	21,059	407	21,466
Dividends paid	-	-	(22,975)	(22,975)	-	(22,975)
At 25 December 2021	1	(652)	36,025	35,374	2,084	37,458

SAGE Publications Limited

Company statement of changes in equity

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
At 28 December 2019	1	55,059	55,060
Profit for the financial period	-	13,232	13,232
Other comprehensive loss for the financial period	-	27	27
Total comprehensive income for the financial period	-	13,259	13,259
Dividends paid	-	(13,848)	(13,848)
At 26 December 2020	1	54,470	54,471
Profit for the financial period	-	17,076	17,076
Other comprehensive loss for the financial period	-	(215)	(215)
Total comprehensive income for the financial period	-	16,861	16,861
Dividends paid	-	(22,645)	(22,645)
At 25 December 2021	1	48,686	48,687

SAGE Publications Limited

Consolidated statement of cash flows

For the period ended 25 December 2021

		2021 52 weeks £'000	2020 52 weeks £'000
Net cash inflow from operating activities	24	35,130	19,719
Cash flows from investing activities			
Proceeds from disposal of tangible fixed assets		24	66
Purchases of intangible fixed assets		(3,798)	(2,117)
Purchases of tangible fixed assets		(516)	(908)
Net cash outflows from investing activities		(4,290)	(2,959)
Cash flows from financing activities			
Dividends paid		(22,975)	(13,992)
Net cash outflows from financing activities		(22,975)	(13,992)
Net increase in cash and cash equivalents		7,865	2,768
Cash and cash equivalents at beginning of the period		25,450	22,775
Effect of foreign exchange rate changes		(208)	(93)
Cash and cash equivalents at end of the period		33,107	25,450

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 25 December 2021

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	30/12/2021	08830729
Adam Matthew Digital Limited	30/12/2021	05960030
Talis Group Limited	30/12/2021	05382297
Talis Education Limited	30/12/2021	07196638

The following subsidiaries of the Company were entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies, for the year ends specified below.

<i>Subsidiary name</i>	<i>Year end</i>	<i>Companies House Registration Number</i>
Learning Matters Limited	31/12/2021	03745172
Pion Limited	31/12/2021	00622848

SAGE Publications Limited

Notes to the financial statements (continued)

For the period ended 25 December 2021

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. 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. The Group's net current liability position includes a substantial amount of paid subscription income received in advance which will be earned during the course of the year as part of its normal ongoing business activity. 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 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 25 December 2021

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 amortised on a straight-line basis over their useful economic life. Provision is made for any impairment. The amortisation rate for the right to publish and to receive subscription income in respect of journal titles 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 AMD electronic archive products (principally digitisation) and SAGE video production costs are amortised over 5 years during which the majority of the sales are expected to be recorded.

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 25 December 2021

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 25 December 2021

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: 2022 £5.8m, 2023 £5.1m, 2024 £3.5m, 2025 £2.7m, 2026 £1.0m, 2027: £0.4m totaling £18.5m.

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.

In performing the impairment tests, estimates are required in regard to the discount rates and long-term growth rates and the level of cash flows, including, among other matters, estimates of the Covid-19 pandemic impact on future operating and macroeconomic environment. As a result of this evaluation exercise, an impairment of goodwill of £6.4m was recorded in the group accounts and an impairment of investments in other group subsidiaries of £9.9m was recorded in Company's accounts for the period.

No significant judgements were identified.

SAGE Publications Limited

Notes to the financial statements (continued)

For the period ended 25 December 2021

4. Turnover

	2021 52 weeks £'000	2020 52 weeks £'000
Group		
UK sales	23,529	21,093
Rest of the world sales	145,358	136,878
	<u>168,887</u>	<u>157,971</u>

An analysis of turnover is as follows:

	2021 52 weeks £'000	2020 52 weeks £'000
Group		
Sales of goods	30,670	29,974
Rendering of services	121,878	112,984
Commissions	11,598	10,059
Advertising and licensing income	4,741	4,954
	<u>168,887</u>	<u>157,971</u>

SAGE Publications Limited

Notes to the financial statements (continued)

For the period ended 25 December 2021

5. Directors and employees

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

	Group		Company	
	2021 52 weeks Number	2020 52 weeks Number	2021 52 weeks Number	2020 52 weeks Number
Distribution	58	59	18	18
Administration	169	162	85	78
Editorial and production	588	616	181	193
Sales and marketing	282	286	134	137
Product innovation	27	37	27	37
	<u>1,124</u>	<u>1,160</u>	<u>445</u>	<u>463</u>

Staff costs in respect of these employees were:

	Group		Company	
	2021 52 weeks £'000	2020 52 weeks £'000	2021 52 weeks £'000	2020 52 weeks £'000
Wages and salaries	47,429	44,525	33,133	31,004
Social security costs	4,686	3,840	3,961	2,940
Pension costs (note 20)	3,010	3,177	1,940	1,951
	<u>55,125</u>	<u>51,542</u>	<u>39,034</u>	<u>35,895</u>

Directors' remuneration

Group	2021 52 weeks £'000	2020 52 weeks £'000
Remuneration	5,975	8,136
Pension contributions	30	60
Benefits in kind	24	31
	<u>6,029</u>	<u>8,227</u>

There are no directors in respect of whom retirement benefits are accruing under money purchase pension schemes (2020: none). See note 20.

SAGE Publications Limited

Notes to the financial statements (continued)

For the period ended 25 December 2021

5. Directors and employees (continued)

The emoluments of the highest paid director were as follows:

	2021 52 weeks £'000	2020 52 weeks £'000
Group		
Remuneration	1,720	2,603
Benefits in kind	2	2
	<u>1,722</u>	<u>2,605</u>

6. Operating profit

	2021 52 weeks £'000	2020 52 weeks £'000
Group		
Operating profit is arrived at after charging/(crediting):		
Depreciation	1,253	1,579
Amortisation:		
Goodwill	2,398	2,662
Other intangibles	7,173	9,085
Loss on disposal of assets	56	-
Impairment of assets	6,437	-
Operating lease charges - land and buildings	2,819	3,136
Foreign exchange (gain)/loss	(355)	1,420
	<u></u>	<u></u>

Amortisation of goodwill is included in administrative expenses.

Amortisation of other intangible assets is included in cost of sales (2021: £2.6m and 2020: £3.2m) and administrative expenses (2021: £4.6m and 2020: £5.9m).

SAGE Publications Limited

Notes to the financial statements (continued)

For the period ended 25 December 2021

6. Operating profit (continued)

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

	2021 52 weeks £'000	2020 52 weeks £'000
Fees payable to the Company's auditor and its associates for		
- the audit of the Company's annual financial statements	160	180
- the audit of the Company's subsidiaries	82	82
Total audit fees	242	262
Taxation compliance services	62	84
Other taxation advisory services	117	160
Other services	32	24
Total non-audit fees	211	268

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

	2021 52 weeks £'000	2020 52 weeks £'000
Group		
Bank and other interest receivable	80	45

8. Interest payable and similar expenses

	2021 52 weeks £'000	2020 52 weeks £'000
Group		
Interest expense	15	227
	15	227

SAGE Publications Limited

Notes to the financial statements (continued)

For the period ended 25 December 2021

9. Tax on profit on ordinary activities

(a) Tax charge included in profit

	2021 52 weeks £'000	2020 52 weeks £'000
Current tax:		
UK corporation tax at 19% (2020: 19%)	5,839	2,881
Adjustment in respect of prior periods	39	(298)
Foreign tax relief	(228)	(135)
Overseas subsidiaries tax	739	792
	<u>6,389</u>	<u>3,240</u>
Foreign tax suffered	<u>203</u>	<u>119</u>
Total current tax	<u><u>6,592</u></u>	<u><u>3,359</u></u>
Deferred tax:		
Origination and reversal of timing differences	(195)	(341)
Adjustment in respect of prior periods	(104)	(13)
Effect of changes in tax rates	(172)	(89)
	<u>(471)</u>	<u>(443)</u>
Total tax included in profit and loss account	<u><u>6,121</u></u>	<u><u>2,916</u></u>

SAGE Publications Limited

Notes to the financial statements (continued)

For the period ended 25 December 2021

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% (2020: 19%) for the reasons set out in the following reconciliation:

	2021 52 weeks £'000	2020 52 weeks £'000
Group profit on ordinary activities before tax	27,731	15,148
Tax on Group profit on ordinary activities at standard UK corporation tax rate of 19% (2020: 19%)	5,269	2,878
Effects of expenses not deductible for tax purposes	1,286	724
Income not taxable	-	(276)
Effects of overseas tax rates	(105)	16
Utilisation of tax losses not previously recognised	(84)	-
Adjustment in respect of prior periods	39	(311)
Tax rate changes	(172)	(89)
Acquired intangibles	(112)	(26)
Group tax charge for the period	6,121	2,916

The UK corporate tax rate has remained at 19% from April 2020. The increase of the UK corporation rate to 25% was substantively enacted in May 2021 (effective 1 April 2023). The increase is reflected in deferred tax calculation as at 25 December 2021 (deferred tax at 26 December 2020 was assessed at 19%).

SAGE Publications Limited

Notes to the financial statements (continued)

For the period ended 25 December 2021

10. Intangible assets

Group	Goodwill £'000	Other intangible assets £'000	Total £'000
Cost			
At 26 December 2020	35,165	132,452	167,617
Additions	-	3,798	3,798
Exchange adjustments	-	(10)	(10)
Impairment	(6,179)	(258)	(6,437)
At 25 December 2021	28,986	135,982	164,968
Amortisation			
At 26 December 2020	15,680	98,175	113,855
Charge for period	2,398	7,173	9,571
Exchange adjustments	-	(6)	(6)
At 25 December 2021	18,078	105,342	123,420
Net book value			
At 25 December 2021	10,908	30,640	41,548
At 26 December 2020	19,485	34,277	53,762

Other intangible assets of £30.6m (2020: £34.3m) include £5.0m (2020 £4.3m) of digital products, £17.1m (2020: £20.0m) of purchased publishing rights, £7.2m (2020: £8.2m) of digital pre-publication costs and other assets of £1.3m (2020: £1.8m), which include subscriber relationships, copyrights and contractual relationships.

The £3.8m of other intangible asset additions during the year relates to digital products, purchased publishing rights and digital pre-publication costs.

SAGE Publications Limited

Notes to the financial statements (continued)

For the period ended 25 December 2021

10. Intangible assets (continued)

Company	Goodwill £'000	Other intangible assets £'000	Total £'000
Cost			
At 26 December 2020	19,241	91,901	111,142
Additions	-	2,610	2,610
At 25 December 2021	19,241	94,511	113,752
Amortisation			
At 26 December 2020	10,210	70,865	81,075
Charge for the period	1,282	4,074	5,356
At 25 December 2021	11,492	74,939	86,431
Net book value			
At 25 December 2021	7,749	19,572	27,321
At 26 December 2020	9,031	21,036	30,067

Other intangible assets of £19.6m (2020: £21.0m) include £1.9m (2020: £0m) of digital products, £14.4m (2020: £16.9m) of purchased publishing rights, £2.2m (2020: £2.6m) of digital pre-publication costs and other assets of £1.1m (2020: £1.5m), which include subscriber relationships, copyrights and contractual relationships.

SAGE Publications Limited

Notes to the financial statements (continued)

For the period ended 25 December 2021

11. Tangible assets

Group	Motor vehicles £'000	Fixtures, fittings, equipment and IT £'000	Short leaseholds and improvements £'000	Total £'000
Cost				
At 26 December 2020	629	8,037	4,011	12,677
Additions	28	435	53	516
Disposals	(71)	(278)	(120)	(469)
Exchange adjustments	(6)	(29)	(6)	(41)
	<hr/>	<hr/>	<hr/>	<hr/>
At 25 December 2021	580	8,165	3,938	12,683
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 26 December 2020	379	6,993	1,548	8,920
Charge for period	88	656	509	1,253
Disposals	(54)	(251)	(84)	(389)
Exchange adjustments	(5)	(18)	(5)	(28)
	<hr/>	<hr/>	<hr/>	<hr/>
At 25 December 2021	408	7,380	1,968	9,756
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 25 December 2021	<hr/> 172	<hr/> 785	<hr/> 1,970	<hr/> 2,927
At 26 December 2020	<hr/> 250	<hr/> 1,044	<hr/> 2,463	<hr/> 3,757

SAGE Publications Limited

Notes to the financial statements (continued)

For the period ended 25 December 2021

11. Tangible assets (continued)

Company	Motor vehicles £'000	Fixtures, fittings, equipment and IT £'000	Short leaseholds and improvements £'000	Total £'000
Cost				
At 26 December 2020	256	5,629	3,012	8,897
Additions	-	121	-	121
Disposals	(20)	(3)	-	(23)
	<hr/>	<hr/>	<hr/>	<hr/>
At 25 December 2021	236	5,747	3,012	8,995
Depreciation				
At 26 December 2020	219	5,107	1,165	6,491
Charge for period	25	332	471	828
Disposals	(20)	-	-	(20)
	<hr/>	<hr/>	<hr/>	<hr/>
At 25 December 2021	224	5,439	1,636	7,299
Net book value				
At 25 December 2021	<hr/> 12	<hr/> 308	<hr/> 1,376	<hr/> 1,696
At 26 December 2020	<hr/> 37	<hr/> 522	<hr/> 1,847	<hr/> 2,406

12. Investments

Company	£'000
Cost and net book value	
At 26 December 2020	46,123
Adjustment of a contingent consideration	20
Impairment	(9,909)
Intangible asset transfer	(1,395)
Subsidiary closure	(807)
	<hr/>
At 25 December 2021	<hr/> 34,032

The Company's dormant subsidiaries are Learning Matters Limited, Pion Limited and SAGE Publications BV. All companies are non-trading, wholly owned and incorporated in the United Kingdom apart from SAGE Publications BV which is incorporated in the Netherlands. The trading of the companies has been transferred to the Company.

The Company's dormant subsidiaries, Paul Chapman Publishing Limited, Woodcock Publications Limited, Richard Sadler Limited, Lucky Duck Publishing Limited, JRAAS Limited, Medinews (Diabetes) Limited, Vathek Publishing Limited, Symposium Journals Limited and IP Publishing Limited were closed in the period ending 25 December 2021. The impairment relates to investments in Talis Group Ltd, Lean Library BV and Edizioni Del Centauro Srl. The intellectual property of Lean Library B.V was transferred to Sage Publications Limited during the period.

SAGE Publications Limited

Notes to the financial statements (continued)

For the period ended 25 December 2021

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	
	25-Dec-21 £'000	26-Dec-20 £'000	25-Dec-21 £'000	26-Dec-20 £'000
Finished goods	2,447	2,005	2,215	1,735
Work in progress	2,909	3,391	2,903	3,308
	<u>5,356</u>	<u>5,396</u>	<u>5,118</u>	<u>5,043</u>

Stock recognised in cost of sales during the period as an expense was £6.5m (2020: £6.5m).

SAGE Publications Limited

Notes to the financial statements (continued)

For the period ended 25 December 2021

14. Debtors

	Group		Company	
	25-Dec-21	26-Dec-20	25-Dec-21	26-Dec-20
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	22,885	27,547	19,720	23,221
Other debtors	1,569	2,730	1,131	1,820
Amounts owed by ultimate parent company	1,346	-	1,633	-
Amounts owed by subsidiaries	-	-	2,088	2,716
Corporation tax	241	1,198	-	1,057
VAT and other taxes	810	536	275	257
Deferred tax asset	1,127	318	718	246
Prepayments and accrued income	3,154	2,055	2,368	1,330
	<u>31,132</u>	<u>34,384</u>	<u>27,933</u>	<u>30,647</u>
Amounts falling due after one year:				
Trade debtors	697	458	38	-
	<u>31,829</u>	<u>34,842</u>	<u>27,971</u>	<u>30,647</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	
	25-Dec-21	26-Dec-20	25-Dec-21	26-Dec-20
	£'000	£'000	£'000	£'000
Cash at bank and in hand	<u>33,107</u>	<u>25,450</u>	<u>17,799</u>	<u>15,703</u>

SAGE Publications Limited

Notes to the financial statements (continued)

For the period ended 25 December 2021

16. Creditors: Amounts falling due within one year

	Group		Company	
	25-Dec-21 £'000	26-Dec-20 £'000	25-Dec-21 £'000	26-Dec-20 £'000
Trade creditors	3,946	3,917	3,215	3,092
Amounts owed to ultimate parent company	-	3,928	-	3,450
Amounts owed to subsidiaries	-	-	4,341	5,796
Corporation tax	1,224	619	523	-
VAT and other taxes	362	332	134	133
Other taxation and social security	3,408	1,740	3,094	1,506
Accruals	24,414	28,148	19,151	23,543
Deferred revenue	35,116	35,941	30,542	31,840
	<u>68,470</u>	<u>74,625</u>	<u>61,000</u>	<u>69,360</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 unearned income provided that it relates to an arrangement that is noncancelable and the Company has the unconditional right to bill and collect the receivable. Included in unearned income as of 25 December 2021 and 26 December 2020 is approximately £10.8m (Company only: £9.6m) and £10.5m (Company only: £9m) respectively of billings for which no cash has been collected.

17. Creditors: Amounts falling due after one year

	Group		Company	
	25-Dec-21 £'000	26-Dec-20 £'000	25-Dec-21 £'000	26-Dec-20 £'000
Contingent consideration	340	723	340	723
Amounts owed to subsidiaries	-	-	1,406	1,406
Deferred revenue - earning within 2 to 5 years	1,992	1,987	723	675
Deferred revenue - earning after 5 years	2,943	2,191	126	76
	<u>5,275</u>	<u>4,901</u>	<u>2,595</u>	<u>2,880</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 25 December 2021

18. Provisions for liabilities

Group	Deferred tax £'000	Long-term incentive plan £'000	Building dilapidations £'000	Total £'000
At 26 December 2020	1,381	2,716	617	4,714
(Credit)/charge to profit and loss	234	(1,590)	206	(1,150)
Transfer to short-term creditors	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 25 December 2021	<u>1,615</u>	<u>1,126</u>	<u>823</u>	<u>3,564</u>
Company				
At 26 December 2020	-	2,662	616	3,278
(Credit)/charge to profit and loss	-	(1,830)	207	(1,623)
Transfer to short-term creditors	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 25 December 2021	<u>-</u>	<u>832</u>	<u>823</u>	<u>1,655</u>

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

The purpose of the long-term incentive plan is to incentivise and to reward key executives of the Group for long-term contributions to the Group's growth. The amount provided is expected to be paid between 2022 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 between 2022 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 25 December 2021

19. Financial instruments

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

	Group		Company	
	25-Dec-21	26-Dec-20	25-Dec-21	26-Dec-20
	£'000	£'000	£'000	£'000
Financial assets				
Debt instruments measured at amortised cost:				
Trade and other debtors (note 14)	25,151	31,053	20,889	25,041
Amounts owed by ultimate parent company (note 14)	1,346	-	1,633	-
Amounts owed by subsidiaries (note 14)	-	-	2,088	2,716
Cash at bank and in hand (note 15)	33,107	25,450	17,799	15,703
	<u>59,604</u>	<u>56,503</u>	<u>42,409</u>	<u>43,460</u>
Financial liabilities				
Measured at amortised cost:				
Trade and other creditors (note 16)	(3,946)	(3,917)	(3,215)	(3,092)
Amounts owed to ultimate parent company (note 16)	-	(3,928)	-	(3,450)
Amounts owed to subsidiaries (notes 16 and 17)	-	-	(5,747)	(7,202)
Other financial liabilities measured at fair value:				
Contingent consideration (note 17)	(340)	(723)	(340)	(723)
	<u>(4,286)</u>	<u>(8,568)</u>	<u>(9,302)</u>	<u>(14,467)</u>

SAGE Publications Limited

Notes to the financial statements (continued)

For the period ended 25 December 2021

20. Employee benefits

Defined contribution scheme

The Company operates a discretionary defined contribution pension scheme, which is operated by an independent insurance company. The pension charge represents contributions payable by the Group which amounts to £3.0m (2020: £3.2m). As at 25 December 2021, contributions of £0.3m (2020: £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	
	25-Dec-21	26-Dec-20	25-Dec-21	26-Dec-20
	£'000	£'000	£'000	£'000
Fixed assets	(222)	(138)	(66)	(36)
Current assets and liabilities	(1,798)	(1,216)	(1,551)	(1,005)
Intangible assets	2,335	2,231	899	795
Deferred taxation - overseas subsidiaries	173	186	-	-
	<u>488</u>	<u>1,063</u>	<u>(718)</u>	<u>(246)</u>

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

	Group		Company	
	25-Dec-21	26-Dec-20	25-Dec-21	26-Dec-20
	£'000	£'000	£'000	£'000
Within debtors due within one year (note 14)	(1,127)	(318)	(718)	(246)
Within provisions for liabilities (note 18)	1,615	1,381	-	-
	<u>488</u>	<u>1,063</u>	<u>(718)</u>	<u>(246)</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 25 December 2021

22. Lease obligations

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

	Land and buildings			
	Group		Company	
	25-Dec-21 £'000	26-Dec-20 £'000	25-Dec-21 £'000	26-Dec-20 £'000
Within one year	3,245	1,977	2,751	1,430
Between one and five years	6,089	8,363	5,196	7,819
	<u>9,334</u>	<u>10,340</u>	<u>7,947</u>	<u>9,249</u>

23. Called-up share capital and reserves

	25-Dec-21 Number	26-Dec-20 Number	25-Dec-21 Number	26-Dec-20 Number
Authorised:				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:				
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 represents cumulative earnings net of dividends paid.

SAGE Publications Limited

Notes to the financial statements (continued)

For the period ended 25 December 2021

24. Cash flow statement

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

	25-Dec-21 £'000	26-Dec-20 £'000
Operating profit	27,666	15,330
<i>Adjustment for:</i>		
Depreciation and amortisation	10,824	13,326
Loss on disposal of assets	56	-
Impairment of assets	6,437	-
Movement in provisions	(1,383)	347
	<hr/>	<hr/>
Operating cash flow before movement in working capital	43,600	29,003
Decrease in stock	40	975
Decrease / (increase) in debtors	2,865	(5,806)
(Decrease) / increase in creditors	(6,384)	1,356
	<hr/>	<hr/>
Cash generated from operations	40,121	25,528
Tax paid - UK	(3,810)	(4,898)
Tax paid - overseas subsidiaries	(1,246)	(729)
Interest paid	(15)	(227)
Interest received	80	45
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>35,130</u>	<u>19,719</u>

25. Non-controlling interests

Group	£'000
At 26 December 2020	1,677
Profit on ordinary activities after tax	407
	<hr/>
At 25 December 2021	<u>2,084</u>

SAGE Publications Limited

Notes to the financial statements (continued)

For the period ended 25 December 2021

26. Subsidiary undertakings

Name	Class of share	Country	% Owned	Type
Subsidiaries				
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
Dormant subsidiaries				
Learning Matters Limited	Ordinary	UK	100%	Direct
Pion Limited	Ordinary	UK	100%	Direct
SAGE Publications BV	Ordinary	Netherlands	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
SAGE Publications 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

The Company has evaluated all events subsequent to the balance sheet date through to the date of approval of these financial statements and no subsequent events that require disclosure were identified.