Registered no 00165100

Swets Information Services Limited
Annual report
For the year ended 31 December 2012

Swets Information Services Limited

Annual report for the year ended 31 December 2012

Directors' report for the year ended 31 December 2012

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012

Principal activity

The principal activity of the company during the year was the supply of periodicals and journals in the United Kingdom and Ireland

Review of business and future developments

The profit and loss account for the financial year is set out on page 6

Headline results

The pre tax profit for the financial year amounted to £1,558,000 (2011 £1,432,000)
The results for the year and the financial position of the company at the yearend were considered satisfactory by the directors

Commercial developments

The company continues to enjoy a high level of market share and repeat business of high value customers The continuing squeeze on Government budgets and the general economic climate have impacted on our ability to maintain and grow gross profit but this was anticipated and adjustments were made on the cost base in order to retain overall profitability

Very large volumes of business have been out to tender this year with retention rates remaining high, with all but one contract retained The largest tender did move away from Swets to a competitor because of a lower price offer The was largely compensated for by three contract wins in the UK Government sector, which gives Swets 100% market share across UK Central government Significant investment continues to be made in bringing new technology capabilities to the business to ensure the future servicing of customers and the ability to deliver new products in a rapidly changing environment which will enable us to grow and retain profitability During 2012 Swets launched the Mendeley Institutional Edition, which generated significant interest in the academic market, and further developed our strategic positioning in supporting Researcher Productivity

We have been successful in winning these significant Government contracts for 2013 with business starting to be transferred in the final quarter of 2012 and have developed significant pipelines for new services added during 2012 which we expect to turn into sales in 2013

Principal risks and uncertainties

In line with previous years the company continues to enjoy high levels of repeat business with a low churn rate of high value customers, this is already the case for 2013 Competitive pressure in the UK continues to mainly effect all sectors with increasing changes in the way our customers receive published material We anticipate this will continue to impact on public-funded sectors and sales efforts are currently geared towards increasing market share with value added products and services The company maintains a close working relationship with publishers and suppliers, ensuring areas such as pricing and package updates are readily available to all our customers, while preserving our revenue streams The continued investment in a new software and platform updates enables us to maintain high response times in both product support and customer queries, building further on our strong customer relationships

Key performance indicators (KPIs)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the company

Directors' report for the year ended 31 December 2012 (continued)

Results and dividends

The company's profit for the financial year is £1,291,000 (2011 £1,032,000) which was transferred to reserves The directors do not propose payment of a final dividend (2011 £nil)

Directors

The directors who held office during the year and up to the date of signing the financial statements are

E M van Dijk	(Company secretary)
D Dore	(resigned 01 June 2013)
D Main	
J F Stoop	(appointed 01 June 2013)

Director's indemnities

Through the ultimate parent company, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006 The indemnity was in force throughout the last financial year and is currently in force

Financial risk management

The company's operations expose it to a variety of financial risks that include liquidity risk, price risk, credit risk, interest rate cash flow risk and currency risk

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors are implemented by the company's finance department The department has established policies that set out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these

Liquidity risk
The company was able to fund all bulk material purchasing and operational overhead from cash at bank

Credit risk
The risk of being unable to collect receivables from customers is minimal as much of Swets customer base is associated with Academia or government bodies For customers of a corporate profile the company has implemented policies that require appropriate credit checks on potential customers before sales are made On-line credit alerts are also in place, to provide an early warning system to minimise risk of any debt becoming irrecoverable within the customer portfolio

Price risk
The company is subject to annual price increases for published material, typically this is around twice the consumer price index The price increase is passed on in full to customers

Interest rate cash flow risk
During 2012 the company held interest bearing assets in the form of cash liabilities The directors do not in the medium term foresee a future external financing need

Currency risk
The company purchases all of its material for onward supply to United Kingdom and Irish customers from Swets Information Services BV in The Netherlands This purchasing is carried out in sterling, therefore reducing currency risk/fluctuations It has not been considered necessary to avoid all possible currency exposure in prior years The foreign exchange loss in 2012 relates to timing of exchange rate measurement particularly on balance sheet items

Directors' report for the year ended 31 December 2012 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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

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

Disclosure of information to auditors

Each director, as at the date of this report, has confirmed that in so far as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office

By order of the Board

J F Stoop
Director
12/9/13

Independent auditors' report to the members of Swets Information Services Limited

We have audited the financial statements of Swets Information Services Ltd for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report to the members of Swets Information Services Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Stephen Pascoe

Stephen Pascoe (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
Date 12 September 2013

Profit and loss account for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Turnover	2	**94,090**	98,023
Cost of sales		**(88,790)**	(91,714)
Gross profit		**5,300**	6,309
Administrative expenses		**(3,887)**	(5,029)
Operating profit	3	**1,413**	1,280
Interest receivable and similar income	6	**162**	190
Interest payable and similar charges	7	**(17)**	(38)
Profit on ordinary activities before taxation		**1,558**	1,432
Tax on profit on ordinary activities	8	**(267)**	(400)
Profit for the financial year	17	**1,291**	1,032

The results for the years shown above are derived entirely from continuing activities

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above, and their historical cost equivalents

Balance sheet as at 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	9	**275**	289
Intangible assets	10	**-**	-
Investments	11	**2,605**	2,605
		2,880	2,894
Current assets			
Debtors	12	**63,096**	72,232
Cash at bank and in hand		**32,097**	30,644
		95,193	102,876
Creditors - Amounts falling due within one year	14	**(90,488)**	(99,515)
Net current assets		**4,705**	3,361
Total assets less current liabilities		**7,585**	6,255
Provision for liabilities and charges	15	**(140)**	(101)
Net assets		**7,445**	6,154
Capital and reserves			
Called-up share capital	16	**424**	424
Profit and loss account	17	**7,021**	5,730
Total shareholders' funds	18	**7,445**	6,154

The financial statements on pages 6 to 18 were approved by the board of directors on 12/9/13 and were signed on its behalf by

J F Stoop
Director
Swets Information Services Limited
Registered number 00165100

Notes to the financial statements for the year ended 31 December 2012

1 Accounting policies

These financial statements have been prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The principle accounting policies, which have been applied consistently throughout the year, are set out below

Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of Swets & Zeitlinger Group B V and is included in the consolidated financial statements of Swets & Zeitlinger Holding B V which are publicly available Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) "Cash flow statements" The company is also exempt under the terms of FRS 8 "Related party disclosure" from disclosing related party transactions with entities that are part of the Swets & Zeitlinger Group B V group or investors of the Swets & Zeitlinger Group B V group

Intangible fixed assets

Positive goodwill arising on acquisitions of businesses is capitalised, classified as an asset on the balance sheet and amortised over its estimated useful life of 5 years, which the directors consider to be the useful economic life of the assets The company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation The cost of tangible fixed assets is their purchase price, together with any incidental expenses of acquisition

Depreciation of tangible fixed assets is on a straight-line basis calculated at annual rates estimated to write off each asset over the term of its useful economic life The annual rates used for this purpose are

	%
Leasehold property	4 (or lease term if shorter)
Fixtures and fittings	10-20
Plant and machinery	10-20

Operating leases

The costs of operating leases are charged to the profit and loss account on a straight line basis over the lease term

Provision is made on properties that are vacant or have rental shortfalls based on the directors' estimate of the discounted future net rentals payable

Notes to the financial statements for the year ended 31 December 2012 (continued)

1 Accounting policies (continued)

Investments

Fixed asset investments are stated at cost less provision for impairment in value The company evaluates the carrying value of investments in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account

Profits and losses arising from an impairment review or disposals of the investments are treated as part of the results from ordinary activities

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date Trading transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Exchange gains or losses are included in the profit and loss account in the year in which they arise

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts Revenue is recognised on delivery of the related service or shipment of product, in line with the performance of contractual obligations Revenue is deferred in respect of revenue received in advance

The subscription year, which is driven by the publishing industry, runs from October to September However, the company's financial year is on a calendar basis and ends in December Therefore, invoices raised between October and December which relate to the following financial year are deferred and included in accruals and deferred income, together with the associated direct costs of sale which have been included within prepayments and accrued income

Taxation

UK Corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Notes to the financial statements for the year ended 31 December 2012 (continued)

1 Accounting policies (continued)

Deferred taxation

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

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

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

Pension costs – defined contribution scheme

The company operates a defined contribution pension scheme which is held in separately administered funds The pension costs charged against profits represent the amount of the contributions payable to the employee's personal pension plans in respect of the accounting period

2 Turnover

The turnover of the company is wholly attributable to the one principal activity of the company An analysis of turnover is given below

	2012	2011
	£'000	£'000
Turnover by destination		
United Kingdom	**91,760**	96,609
Overseas	**2,330**	1,414
	94,090	98,023

Notes to the financial statements for the year ended 31 December 2012 (continued)

3 Operating profit

	2012	2011
	£'000	£'000
Operatıng profit is stated after charging/(creditıng)·		
Wages and salarıes	**3,886**	3,373
Socıal securıty costs	**322**	312
Other pensıon costs (note 21)	**80**	78
Staff costs	**4,288**	3,763
Deprecıatıon of owned fixed assets	**62**	109
Operatıng lease charges		
- Other	**438**	435
- Plant and machınery	**50**	54
Net (gaın) / loss on foreıgn currency translatıon	**155**	144
Servıces provıded by the company's audıtors		
- Fees payable for the audıt	**14**	14

4 Directors' emoluments

	2012	2011
	£'000	£'000
Aggregate emoluments	**195**	201
Value of company contrıbutıons to money purchase schemes	**8**	5
	203	206

Durıng the year one (2011 one) dırectors were remunerated by the company Aggregate emoluments ınclude an amount of £nıl (2011 £nıl) borne by the parent undertakıng

The number of dırectors who accrued benefits under company pensıon schemes was as follows

	2012	2011
	Number	Number
Money purchase schemes	**1**	1

The emoluments of the other dırectors are paıd by other group undertakıngs
These dırectors' servıces to thıs company are ıncıdental and theır emoluments are deemed to be wholly attrıbutable to theır servıces to other group undertakıngs, accordıngly, no recharge ıs made to the company for these dırectors' emoluments (2011 nıl)

Notes to the financial statements for the year ended 31 December 2012 (continued)

5 Employee information

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

By activity	2012 Number	2011 Number
Sales	21	19
Operations	12	12
Customer and publisher services	106	107
Administration	14	15
	153	153

6 Interest receivable and similar income

	2012 £'000	2011 £'000
Bank interest receivable	155	190
Interest receivable from group undertakings	7	-
	162	190

7 Interest payable and similar charges

	2012 £'000	2011 £'000
Interest payable on overdrafts and bank loans	4	2
Finance charges	13	22
Interest payable to group undertakings	-	14
	17	38

Notes to the financial statements for the year ended 31 December 2012 (continued)

8 Taxation on profit on ordinary activities

	2012 £'000	2011 £'000
Current tax		
UK corporation tax on profit for the year	**353**	400
Adjustment in respect of previous years	**(86)**	-
Tax on profit on ordinary activities	**267**	400

The tax assessed for the year is lower (2011 higher) than the standard rate of corporation tax in the UK applicable to the company The differences are explained below

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	**1,558**	**1,432**
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the United Kingdom 24 5% (2012 26,5%)	**381**	**380**
Effects of		
Expenses not deductible for tax purposes	**2**	**47**
Adjustments to tax charge in respect of previous years	**(86)**	-
Other timing differences	**(30)**	**(27)**
Current tax charge for the year	**267**	**400**

Factors that affect current and future tax charges

A number of changes to the UK corporation tax system were announced in the March 2012 and the March 2013 Budget Statements The main rate of corporation tax was reduced from 26% to 24% from 1 April 2012 and was substantively enacted on 26 March 2012 A further reduction to 23% from 1 April 2013 was substantively enacted in July 2012 and is therefore taken into account in these financial statements

Further reductions to the main rate are proposed to reduce the rate to 21% from 1 April 2014 and 20% from 1 April 2015 These changes had not been substantively enacted at the balance sheet date and, therefore are not included in these financial statements The impact of these proposed further reductions on the deferred tax balances is not expected to be material

Notes to the financial statements for the year ended 31 December 2012 (continued)

9 Tangible assets

	Leasehold Property £'000	Fixtures and Fittings £'000	Plant and Machinery £'000	Total £'000
Cost				
At 1 January 2012	424	265	701	1,390
Additions	-	-	48	48
Disposals	-	-	(37)	(37)
At 31 December 2012	**424**	**265**	**712**	**1,401**
Accumulated depreciation				
At 1 January 2012	260	260	581	1,101
Charge for the financial year	14	1	47	62
Disposals	-	-	(37)	(37)
At 31 December 2012	**274**	**261**	**591**	**1,126**
Net book amount				
At 31 December 2012	**150**	**4**	**121**	**275**
At 31 December 2011	164	5	120	289

10 Intangible fixed assets

	Goodwill £'000
Cost	
At 1 January and 31 December 2012	**729**
Accumulated amortisation	
At 1 January and 31 December 2012	**(729)**
Net book amount	
At 31 December 2011 and 31 December 2012	**-**

Notes to the financial statements for the year ended 31 December 2012 (continued)

11 Fixed asset investments

	£'000
Cost	
At 1 January 2012 and 31 December 2012	**3,256**
Provisions for impairment	
At 1 January 2012 and 31 December 2012	**(651)**
Net book amount	
At 31 December 2011 and 31 December 2012	**2,605**

The company owns preferred stock consisting of 1,000 shares, par value $0 01 per share, purchased at a price equal to $5,000 per share in Swets Information Services Inc , a company incorporated in the United States of America

The carrying value of the investment is supported by a guarantee from the parent company Swets & Zeitlinger Group B V

12 Debtors

	2012	2011
	£'000	£'000
Trade debtors	**13,855**	20,024
Corporation tax	**126**	-
Prepayments and accrued income	**49,115**	52,208
	63,096	72,232

Notes to the financial statements for the year ended 31 December 2012 (continued)

13 Deferred taxation

The movement in the deferred taxation account during the financial year was

	£'000
At 1 January 2012	(1)
Charged to profit and loss account (see note 8)	-
At 31 December 2012	**(1)**

Deferred taxation recognised in the financial statements is as follows

	2012 £'000	2011 £'000
Excess of depreciation over taxation allowances on fixed assets	**(3)**	(3)
Other timing differences	**2**	2
	(1)	(1)

14 Creditors – Amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	**25**	16
Payments received on account	**14,578**	18,624
Amounts owed to group undertakings	**20,776**	22,860
Other taxation and social security	**3,361**	3,200
Deferred taxation (see note 13)	**1**	1
Accruals and deferred income	**51,747**	54,814
	90,488	99,515

The amounts disclosed above as 'Amounts owed to group undertakings' is the net of amounts owed to and amounts owed by the same group undertakings
Amounts owed to and by group undertakings are charged at an interest rate of LIBOR + 0 25% They are unsecured and repayable on demand

Notes to the financial statements for the year ended 31 December 2012 (continued)

15 Provisions for liabilities and charges

	Provision for dilapidations £'000	Provision for reorganisation £'000	Total £'000
At 1 January 2012	101	-	101
Charged to the profit and loss account	4	35	39
At 31 December 2012	**105**	**35**	140

A part of the provision dilapidations is expected to be utilised over the period to 2013
The provision reorganisation will be utilised in 2013

16 Called-up share capital

	2012 £'000	2011 £'000
Allotted and fully paid		
4,235,275 (2011 4,235,275) ordinary shares of £0 10 each	**424**	424

17 Profit and loss account

	2012 £'000
At 1 January 2012	5,730
Profit for the year	1,291
At 31 December 2012	**7,021**

18 Reconciliation of movements in equity shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	**1,291**	1,032
Opening shareholders' funds	**6,154**	5,122
Closing shareholders' funds	**7,445**	6,154

Notes to the financial statements for the year ended 31 December 2012 (continued)

19 Contingent liabilities

In the year, the company was a member of a group that was part of a group guarantee with four other affiliated companies in respect of an overdraft facility and/or loans with a consortium of banks The five group companies were jointly and severally liable for this debt At 31 December 2012, total group facility amounted to € 155 million which includes a guarantee facility of € 84 2 million

20 Financial commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases expiring as follows

	2012		2011	
	Land and buildings	**Other**	Land and buildings	Other
	£'000	**£'000**	£'000	£'000
Expiring within one year	-	**16**	-	13
Expiring between two and five years	-	**38**	-	42
After five years	**418**	-	418	-
	418	**54**	418	55

21 Pension scheme

The pension cost charge for the year represents contributions payable by the company to the company defined contribution pension scheme The total amounts to £80,392 (2011 £77,756) At 31 December 2012 £12,720 (2011 £12,244) was payable to the pension scheme from the company

22 Ultimate parent undertaking and controlling party

Ultimate parent company

The ultimate parent Company is Swets & Zeitlinger Group B V The immediate parent company is Swets & Zeitlinger International Holding B V Both the ultimate and immediate parent companies are incorporated in the Netherlands

Swets & Zeitlinger Holding N V is the smallest group to consolidate these financial statements and Swets & Zeitlinger Group B V is the largest company to consolidate these financial statements Copies of theses consolidated financial statements can be obtained from the Company Secretary at Swets Information Services Limited, Swan House, Wyndyke Furlong, Abingdon Business Park, Abingdon, OX14 1UQ

Ultimate controlling party

The directors regard Gilde Buy Out Partners B V as the ultimate controlling party by virtue of its majority shareholding in Swets & Zeitlinger Group B V