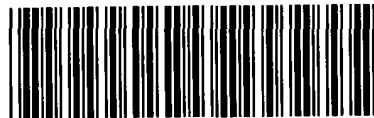


Company Registration No. 00450650 (England and Wales)

**WOLTERS KLUWER (UK) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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# **WOLTERS KLUWER (UK) LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	S Bond J Goudie N Parsons
<b>Company Secretary</b>	J Goudie
<b>Company number</b>	00450650
<b>Registered office</b>	145 London Road Kingston upon Thames Surrey KT2 6SR
<b>Independent Auditor</b>	Grant Thornton UK LLP 30 Finsbury Square London United Kingdom EC2A 1AG

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# **WOLTERS KLUWER (UK) LIMITED**

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# **WOLTERS KLUWER (UK) LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present the strategic report and audited financial statements for the year ended 31 December 2021.

#### **Review of the business**

The company has continued to trade in a similar manner to the previous year, with the principal activity continuing to be the development and production of software for accountants and tax advisors.

Despite challenging conditions across the country during another difficult year with the COVID-19 pandemic, the company has managed to continue to trade strongly. Revenue has increased by 7.73% to £34.6m in 2021 (2020: £32.1m), maintaining the trend of strong organic growth that has been achieved in previous years. Cost of sales have increased by 6.08% to £0.87m (2020: £0.82m) and therefore the vast majority of the increase in revenue flows through to gross profit, with the gross profit margin being maintained at 97.5% (2020: 97.5%).

Administrative expenses increased by 4.9% in the year to £29.8m (2020: £28.4m). The main areas where costs have increased are in computer and software costs, professional consultancy fees related to the administration of the company's defined benefit pension scheme, employee welfare and training, and a one-off accounting loss on disposal of obsolete capitalised software development. Elsewhere, there have been cost savings in intercompany management charges, redundancy costs, and travel expenses – understandable given that the company's office has been closed since March 2020 and all employees continued to work from home throughout 2021. Overall, this means that we see an increase in operating profit of £1.0m from £3.0m in 2020 to £4.0m in 2021. The operating profit margin has increased from 9.3% in 2020 to 11.7% in 2021.

Investment income has decreased during the year, both in terms of bank interest received and interest receivable from other group companies. Interest costs have also decreased during the year, both in terms of finance lease interest payable and the net interest expense on the defined benefit pension liability.

Similar to the previous year, there were no other significant gains or losses during 2021, which means that the company reports an overall profit before tax from continuing operations of £4.0m (2020: £3.0m).

Finally, an actuarial gain of £0.5m (2020: £0.2m gain) on the defined benefit pension scheme has been recognised in Other Comprehensive Income during the year, and therefore the company reports a very healthy overall profit for the year of £4.4m (2020: £2.6m). With no other significant transactions in equity during the year, this result helps to further strengthen the company's net asset position at the year-end.

The directors do not consider there to be any additional key performance indicators specific to the business which should be disclosed, other than those analysed above.

#### **Principal risks and uncertainties**

The company follows a corporate policy for managing risk, which involves regular disclosures covering all aspects of the business. The company's Internal Controls Officer regularly reports on these items to their senior management team and to the Wolters Kluwer global head office in The Netherlands.

In its UK markets, the pressures of increased competition are a risk for the company, which could result in key accounts being lost to competitors. This risk is minimised by ensuring that clients are offered value-adding services, competitive pricing, and a high level of customer service focused on building long-term relationships.

The company is a member of the group's bank pooling arrangement, in order to minimise its exposure to interest rate risk. The company mitigates its exposure to fluctuations in foreign currency exchange rates, by using foreign currency bank accounts.

## **WOLTERS KLUWER (UK) LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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#### **Research and development**

The company has continued to invest heavily, and going forward is committed to investing further, in research and development, specifically in our accounting and tax software products, in order to support the strategic objective of delivering enhanced and specialised products and solutions to our customers.

During the year, the company continued to focus on technology and solutions at the forefront of the accountancy and tax market, for example Making Tax Digital, and offering our products through our OneClick cloud environment for the very first time.

#### **Future developments**

The outlook for 2022 remains positive, with the continuing annual changes in UK tax legislation and accounting standards expected to have a positive impact on the business, as we strive to develop and provide our customers with up-to-date software products which include these latest changes.

We expect that the potential for future opportunities arising from further tax and accounting changes post-Brexit, would largely offset any economic downturn suffered by the country as a whole. Therefore, we do not expect Brexit to have a negative impact on our business in the long-term.

The outbreak of the COVID-19 coronavirus in early 2020 resulted in a number of operational changes for the business, the most obvious being the temporary closure of our offices. Our employees adapted very well to a new working-from-home environment, which meant that the business was able to continue in a 'as-close-to-normal' manner as possible. Some activities, such as sales meetings and client site visits were of course been suspended, with the majority of this work instead being performed through video-conferencing or via remote access during 2020 and 2021. In March 2022, we re-opened our offices, with the majority of employees now enjoying a hybrid pattern of working from both the office, and from home.

The business is expected to continue the pattern of strong organic growth experienced in recent years, with a continued focus on developing our cloud-based solutions such as the CCH OneClick workspace, to maximise opportunities such as Making Tax Digital. We will continue to invest heavily in research and development projects to support this growth and provide our customers with the solutions they need.

On behalf of the board

*Sam Bond*

S Bond  
Director

27 May 2022

# **WOLTERS KLUWER (UK) LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2021***

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The directors present their annual report and audited financial statements for the year ended 31 December 2021.

#### **Results and dividends**

The results for the year are set out on pages 9 to 10.

The directors do not recommend payment of an ordinary dividend (2020: none).

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements, except as noted, were as follows:

S Bond

M Crook

(Resigned 9 March 2022)

J Goudie

N Parsons

(Appointed 9 March 2022)

#### **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 reporting date.

#### **Supplier payment policy**

The company's current policy concerning the payment of trade payables is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade payables of the company at the year end were equivalent to 44 days (2020: 39 days) purchases, based on the average daily amount invoiced by suppliers during the year, and is not restricted to supplier invoices only classified as cost of sales.

#### **Political donations**

The company has made no political donations during the year (2020: none).

#### **Financial instruments**

##### ***Financial risk management***

Where possible, the company tries to mitigate the effects of currency and interest rate risk by creating natural hedges and by matching the currency profile of income and expenses, and of assets and liabilities. The company does not use derivative financial instruments at a local level to hedge financial risks, although this method is employed elsewhere in the Wolters Kluwer group. Therefore its exposure to price risk is minimal.

The group's Treasury policies on market (currency and interest rate), liquidity and credit risk are applied locally by the company's directors, and are reviewed by the group's Audit Committee on a quarterly basis.

#### **Auditor**

The auditor, Grant Thornton UK LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

## **WOLTERS KLUWER (UK) LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Post reporting date events**

Wolters Kluwer's global information security team is closely monitoring the conflict in Ukraine and is exercising increased vigilance with respect to potential cybersecurity threats resulting from the conflict. Our team is fully engaged with our threat intelligence partners to stay apprised of the evolving threat scenario and is undertaking measures to enhance existing security controls, where applicable. Additionally, we are in daily contact with our vendor partners in the region who have activated their business continuity plans and reallocated resources to other areas, as necessary. As events are developing quickly, we are continuously assessing the situation and the steps that may be needed to mitigate any potential impact on our cybersecurity readiness and business operations. At this time, there are no known threats to our systems, data or operations as a result of the recent developments in Ukraine.

#### **Strategic Report disclosures**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of research and development, and future developments.

#### **Statement of disclosure of information to the auditor**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

#### **Going concern**

The Directors have reviewed the forecasts for the company for at least 12 months from the signing date of these financial statements, and are confident that the company has adequate resources to continue in operational existence for the foreseeable future. Budgets for 2022 and forecasts for future years have been updated to reflect the expected financial impact of COVID-19, which overall is not anticipated to be so negative that it casts any doubt on the future viability of the company. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the board

*Sam Bond*

S Bond  
Director

27 May 2022

## **WOLTERS KLUWER (UK) LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

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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 101 'Reduced Disclosure Framework'. 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.

The directors are responsible for the maintenance and integrity of the company website, but not the website of the Wolters Kluwer group. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WOLTERS KLUWER (UK) LIMITED**

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### **Opinion**

We have audited the financial statements of Wolters Kluwer (UK) Limited (the 'company') for the year ended 31 December 2021 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF WOLTERS KLUWER (UK) LIMITED**

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In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report under the Companies Act 2006**

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

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

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

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

#### **Responsibilities of directors for the financial statements**

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF WOLTERS KLUWER (UK) LIMITED**

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#### **Explanation as to what extent 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the Company secretary. We corroborated our enquiries through our review of board minutes, and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by meeting with management from relevant parts of the business to understand where management considered there was a susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts.
- Audit procedures performed by the engagement team included:
  - evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
  - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
  - identifying and testing related party transactions
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity
  - through appropriate training and participation
  - knowledge of the industry in which the client operates
  - understanding of the legal and regulatory requirements specific to the entity/regulating entity including:
    - the provisions of the applicable legislation
    - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules
    - the applicable statutory provisions

We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.

#### **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.



**Sergio Cardoso**  
**Senior Statutory Auditor**  
**for and on behalf of Grant Thornton UK LLP**  
**Statutory Auditor, Chartered Accountants**  
**London**

27 May 2022

**WOLTERS KLUWER (UK) LIMITED****INCOME STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	Continuing operations £	Discontinued operations £	31 December 2021 £
Revenue	4	34,585,770	-	34,585,770
Cost of sales		(869,294)	-	(869,294)
<b>Gross profit</b>		<b>33,716,476</b>	<b>-</b>	<b>33,716,476</b>
Administrative expenses		(29,778,384)	-	(29,778,384)
Other operating income	4	92,841	-	92,841
<b>Operating profit</b>		<b>4,030,933</b>	<b>-</b>	<b>4,030,933</b>
Investment income	9	9,100	-	9,100
Interest payable and similar charges	10	(25,683)	-	(25,683)
Other gains and losses	11	(1,554)	-	(1,554)
<b>Profit before taxation</b>		<b>4,012,796</b>	<b>-</b>	<b>4,012,796</b>
Tax on profit on ordinary activities	12	(533,787)	-	(533,787)
<b>Profit for the year</b>		<b>3,479,009</b>	<b>-</b>	<b>3,479,009</b>
Profit on disposal of operation	13	-	1,226	1,226
<b>Profit for the financial year</b>	<b>5, 24</b>	<b>3,479,009</b>	<b>1,226</b>	<b>3,480,235</b>

**WOLTERS KLUWER (UK) LIMITED****INCOME STATEMENT (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	Continuing operations £	Discontinued operations £	31 December 2020 £
Revenue	4	32,103,936	-	32,103,936
Cost of sales		(819,461)	-	(819,461)
<b>Gross profit</b>		<b>31,284,475</b>	<b>-</b>	<b>31,284,475</b>
Administrative expenses		(28,388,519)	-	(28,388,519)
Other operating income	4	97,115	-	97,115
<b>Operating profit</b>		<b>2,993,071</b>	<b>-</b>	<b>2,993,071</b>
Investment income	9	74,650	-	74,650
Interest payable and similar charges	10	(62,252)	-	(62,252)
<b>Profit before taxation</b>		<b>3,005,469</b>	<b>-</b>	<b>3,005,469</b>
Tax on profit on ordinary activities	12	(649,666)	-	(649,666)
<b>Profit for the year</b>		<b>2,355,803</b>	<b>-</b>	<b>2,355,803</b>
Profit on disposal of operation	13	-	35,298	35,298
<b>Profit for the financial year</b>	<b>5, 24</b>	<b>2,355,803</b>	<b>35,298</b>	<b>2,391,101</b>

**WOLTERS KLUWER (UK) LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>Profit for the year</b>		<b>3,480,235</b>	<b>2,391,101</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Actuarial gain/(loss) on defined benefit pension schemes	22	500,000	235,000
Tax relating to items not reclassified	12	435,760	(44,650)
<b>Total items that will not be reclassified to profit or loss</b>		<b>935,760</b>	<b>190,350</b>
<b>Total other comprehensive (loss)/income for the year</b>		<b>935,760</b>	<b>190,350</b>
<b>Total comprehensive income for the year</b>		<b>4,415,995</b>	<b>2,581,451</b>

**WOLTERS KLUWER (UK) LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>Non-current assets</b>			
Goodwill and other intangible assets	14	15,275,968	18,093,928
Property, plant and equipment	15	1,359,517	1,642,552
		<u>16,635,485</u>	<u>19,736,480</u>
<b>Current assets</b>			
Deferred tax asset	16	3,802,290	3,359,687
Trade and other receivables	17	49,031,751	40,393,087
Cash and cash equivalents		4,955	53,903
		<u>52,838,996</u>	<u>43,806,677</u>
<b>Creditors: amounts falling due within one year</b>			
Borrowings	19	3,246	-
Trade and other payables	18	21,057,581	19,100,728
Taxation and social security		2,669,361	1,011,418
Obligations under finance leases	20	449,040	439,561
		<u>24,179,228</u>	<u>20,551,707</u>
<b>Net current assets</b>		<u>28,659,768</u>	<u>23,254,970</u>
<b>Total assets less current liabilities</b>		<u>45,295,253</u>	<u>42,991,450</u>
<b>Creditors: amounts falling due after more than one year</b>			
Obligations under finance leases	20	563,544	937,400
<b>Provisions for liabilities</b>			
Retirement benefit obligations	22	-	1,892,000
Other provisions	21	781,806	723,378
		<u>781,806</u>	<u>2,615,378</u>
<b>Net assets</b>		<u><u>43,949,903</u></u>	<u><u>39,438,672</u></u>

## WOLTERS KLUWER (UK) LIMITED

### STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2021

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Equity			
Share capital	25	25,010,000	25,010,000
Retained earnings	24	18,939,903	14,428,672
		<hr/>	<hr/>
Total equity		43,949,903	39,438,672
		<hr/>	<hr/>

The financial statements were approved by the Board of directors and authorised for issue on 27 May 2022  
Signed on its behalf by:

*Sam Bond*

S Bond  
Director

Company Registration No. 00450650



**WOLTERS KLUWER (UK) LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	Share capital £	Retained earnings £	Total £
<b>Balance at 1 January 2020</b>		25,010,000	11,784,116	36,794,116
<b>Year ended 31 December 2020:</b>				
Profit for the year		-	2,391,101	2,391,101
Other comprehensive income:				
Actuarial gains on defined benefit plans		-	235,000	235,000
Tax relating to other comprehensive income		-	(44,650)	(44,650)
Total comprehensive income for the year		-	2,581,451	2,581,451
Credit to equity for equity settled share-based payments	23	-	63,105	63,105
<b>Balances at 31 December 2020</b>		25,010,000	14,428,672	39,438,672
<b>Year ended 31 December 2021:</b>				
Profit for the year		-	3,480,235	3,480,235
Other comprehensive income:				
Actuarial gains on defined benefit plans		-	500,000	500,000
Tax relating to other comprehensive income		-	435,760	435,760
Total comprehensive income for the year		-	4,415,995	4,415,995
Credit to equity for equity settled share-based payments	23	-	95,236	95,236
<b>Balances at 31 December 2021</b>		25,010,000	18,939,903	43,949,903

# WOLTERS KLUWER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

##### General information

Wolters Kluwer (UK) Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered office is 145 London Road, Kingston upon Thames, Surrey, KT2 6SR.

##### 1.1 Basis of preparation

The financial statements have been prepared in accordance with FRS 101, *Reduced Disclosure Framework – Disclosure exemptions from EU-adopted IFRS for qualifying entities*. This means that they use the recognition and measurement principles of International Accounting and Financial Reporting Standards (IFRS) as adopted for use in the EU, but with disclosure exemptions as set out in FRS 101. In cases where accounting changes mandated by FRS 101 have also been applied, these are disclosed case by case.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

##### Financial reporting standard 101

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33 (c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment, and (iii) paragraph 118 (e) of IAS 38 Intangibles Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party 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; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where required, equivalent disclosures are given in the group financial statements of Wolters Kluwer NV. The group financial statements of Wolters Kluwer NV are available to the public and can be obtained as described below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

Wolters Kluwer (UK) Limited is a wholly owned subsidiary of Wolters Kluwer Holdings (UK) plc and the results of Wolters Kluwer (UK) Limited are included in the consolidated financial statements of Wolters Kluwer NV, which are available from 145 London Road, Kingston upon Thames, Surrey KT2 6SR, or online at [www.wolterskluwer.com](http://www.wolterskluwer.com).

# WOLTERS KLUWER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### 1.2 Going concern

The Directors have reviewed the forecasts for the company for at least 12 months from the signing date of these financial statements, and are confident that the company has adequate resources to continue in operational existence for the foreseeable future. Budgets for 2022 and forecasts for future years have been updated to reflect the expected financial impact of COVID-19, which overall is not anticipated to be so negative that it casts any doubt on the future viability of the company. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it satisfies the performance obligations of the contract with the customer.

The consideration (transaction price) in a contract is determined by reference to the price of the individual components contained within the contract, and does not typically include variable or contingent consideration. The transaction price is allocated across the separate performance obligations in the contract, based on the relative stand-alone selling prices of those obligations.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Software subscriptions revenue, which includes initial licence fees and ongoing maintenance and support, is recognised evenly over the term of the contract with the customer, during which time the performance obligations of the contract are satisfied by the company, and goods and services are transferred to the customer. Software services revenue, which includes installation, training and consultancy services, is recognised at the point of delivery to the customer.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

##### 1.4 Goodwill

Goodwill represents the excess of the cost of acquisitions over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

The gain on a bargain purchase is recognised in profit or loss in the period of the acquisition.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is subsequently reversed if, and only if, the reasons for the impairment loss have ceased to apply.

Goodwill arising on acquisitions before the date of transition to FRS 101 has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

# WOLTERS KLUWER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.5 Intangible assets other than goodwill

Intangible assets comprise Publishing Rights and Development Costs. Such assets are defined as having finite useful lives and the costs are amortised on a straight line basis over their estimated useful lives, which ranges from 5 to 20 years for Publishing Rights, and 5 years for Development Costs.

*Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the Company's software development is recognised only if all of the conditions as defined under IAS 38 are met, including:*

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

#### 1.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Straight-line over the lease term
Fixtures, fittings & equipment	20-33.3% straight-line, per annum
Right-of-use asset - real estate	Straight-line over the lease term
Right-of-use asset - vehicles	Straight-line over the lease term

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

#### 1.7 Impairment of tangible and intangible assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

# WOLTERS KLUWER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss (FVTPL), or fair value through other comprehensive income (FVTOCI), which are measured at fair value. Trade receivables that do not have a significant financing component are not initially measured at fair value, they are initially measured at their transaction price.

Financial assets not designated as FVTPL or FVTOCI at initial recognition, are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

# WOLTERS KLUWER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### ***Impairment of financial assets***

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

### 1.11 Financial liabilities

The company recognizes financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

#### ***Other financial liabilities***

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled or they expire.

### 1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# WOLTERS KLUWER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies

(Continued)

##### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.14 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for restructuring costs are recognised when the company has a detailed formal plan for the restructuring which has been notified to affected parties.

#### 1.15 Employee benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit schemes is determined using the Projected Unit Credit Method, with actuarial valuations carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, and reduced by the fair value of scheme assets.

# WOLTERS KLUWER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

#### 1.16 Share-based payments

The Group's Long-Term Incentive Plan (LTIP) qualifies as an equity-settled share-based payments transaction. The fair value of shares awarded is recognised as an expense with a corresponding increase in equity. The fair value is measured at the grant date and spread over the period during which the employees become unconditionally entitled to the shares. The amount recognised as an expense is adjusted for the actual forfeitures due to participants' resignation before the vesting date.

The fair value of the shares based on the TSR performance condition, a market condition under IFRS 2, is measured using a Monte Carlo simulation model, taking into account the terms and conditions upon which the shares were awarded. The fair value of the shares based on the non-market performance condition of EPS is equal to the opening share price of the Wolters Kluwer shares in the year at the grant date, adjusted by the present value of the future dividend payments during the three years' performance period.

The amount recognised as an expense in a year is adjusted to reflect the number of share awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market conditions at the vesting date.

#### 1.17 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.



# WOLTERS KLUWER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies

(Continued)

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

#### 1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

#### 1.19 Research and development expenditure credits (RDEC)

Research and Development Expenditure Credits (RDEC) are accounted for as an 'above the line' (ATL) credit in a similar way to a government grant under IAS 20. The credit is recognised in the Income Statement within administrative expenses, which best reflects the overall economic substance of the transaction.

#### 2 Adoption of new and revised standards and changes in accounting policies

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the company's financial statements.

The company has not made any significant changes to its accounting policies, which have a material impact on the company's financial statements.

## **WOLTERS KLUWER (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **3 Critical accounting estimates and judgements**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

##### **Capitalised development costs**

Software development costs are capitalised if the company can demonstrate the technical feasibility of completing the software project so that it will be available for use or sale and if it can demonstrate that the project complies with the following requirements: the intention to complete the development project; the ability to sell or use the end-product; demonstration of how the end-product will yield probable future economic benefits; the availability of adequate technical, financial and other resources to complete the project; and the ability to reliably measure the expenditure attributable to the project.

While management has procedures in place to control the software development process, there is uncertainty with regard to the outcome of the development process (timing of technological developments, technological obsolescence, and competitive pressures).

##### **Useful lives of assets**

The useful life has to be determined for assets such as publishing rights, other intangible assets, and property, plant, and equipment. The useful lives are estimated based upon best practice within the Wolters Kluwer Group and in line with common market practice. The company reviews the remaining useful lives of its assets annually.

##### **Impairment of goodwill and intangible assets**

The annual impairment test requires estimates of a discount rate, future cash flows, and a perpetual growth rate. These estimates are made by the directors and managers who manage the business with which the goodwill is associated. The future cash flows are based on Vision and Strategy Planning (VSP), prepared by management and approved by the Executive Board, and cover a five year period.

##### **Accounting for tax**

Corporation tax is calculated in accordance with local tax rates and regulations. Differences between the accounting and tax base are determined, resulting in deferred tax assets or liabilities. These calculations may deviate from the final tax assessments, which will be received in future periods.

A deferred tax asset is recognised for deductible temporary differences, the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Management assesses the probability that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised.

Management do not consider that any significant judgements have been made in the course of applying the company's accounting policies.

# WOLTERS KLUWER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 4 Revenue

An analysis of the company's revenue is as follows:

	2021 £	2020 £
Software Subscriptions (over time)	32,287,197	30,444,939
Software Services (point-in-time)	2,298,573	1,658,997
	<u>34,585,770</u>	<u>32,103,936</u>

	2021 £	2020 £
<b>Other operating income</b>		
Interest income	9,100	74,650
Royalty income	92,841	97,115
	<u>101,941</u>	<u>171,765</u>

### 5 Profit for the year

Profit for the year is stated after charging/(crediting):

	2021 £	2020 £
Net foreign exchange losses	11,355	8,702
Research and development expenditure credits	(83,037)	(80,000)
Depreciation of property, plant and equipment	448,305	452,285
(Profit)/loss on disposal of property, plant and equipment	-	7,453
Amortisation of intangible assets	2,448,083	2,877,418
Loss on disposal of intangible assets	1,175,682	48,429
Direct costs of revenue	469,832	474,721
Staff costs	14,811,120	14,791,298
Amounts written off/(back to) intercompany loans	1,554	-
	<u>18,882,642</u>	<u>18,632,806</u>

The amortisation of intangible assets is included within administrative expenses.

### 6 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2021 £	2020 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	<u>55,664</u>	<u>48,350</u>

**WOLTERS KLUWER (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021****7 Employees**

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

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Operations and Product Maintenance	77	78
Sales and Marketing	66	67
Software Development	17	18
General and Administration	22	23
	<u>182</u>	<u>186</u>

Their aggregate remuneration comprised:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	11,425,290	11,632,981
Social security costs	2,251,448	2,130,675
Pension costs	1,134,382	1,027,642
	<u>14,811,120</u>	<u>14,791,298</u>

**8 Directors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	558,721	528,007
Company pension contributions to defined contribution schemes	29,974	28,863
	<u>588,695</u>	<u>556,870</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 3).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 1 (2020 - 1).

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration disclosed above include the following amounts paid to the highest paid director:		
Remuneration for qualifying services	256,525	233,784
Company pension contributions to defined contribution schemes	12,914	12,225
	<u>269,439</u>	<u>246,009</u>

**WOLTERS KLUWER (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021**

<b>9 Investment income</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Bank deposits	8,936	65,755
Interest receivable on intercompany loans	164	8,895
	<u>          </u>	<u>          </u>
Total interest revenue	<u>9,100</u>	<u>74,650</u>

Total interest income for financial assets that are not held at fair value through profit or loss is £8,936 (2020: £65,755).

<b>10 Interest payable and similar charges</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on finance leases and hire purchase contracts	17,551	23,252
Interest payable to group undertakings	132	-
	<u>          </u>	<u>          </u>
	17,683	23,252
<b>Interest on other financial liabilities:</b>		
Interest on the net defined benefit liability	8,000	39,000
	<u>          </u>	<u>          </u>
Total interest expense	<u>25,683</u>	<u>62,252</u>

<b>11 Other gains and losses</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Amounts (written off) / written back to intercompany loans	(1,554)	-
	<u>          </u>	<u>          </u>

Within Amounts (written off) / written back to intercompany loans in 2021 is an intercompany balance with a dormant fellow group subsidiaries which was dissolved during the year, and is therefore no longer recoverable.

**WOLTERS KLUWER (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021****12 Income tax expense**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	540,630	(89,987)
<b>Deferred tax</b>		
Origination and reversal of temporary differences	331,194	739,653
Changes in tax rates	(338,037)	-
	(6,843)	739,653
<b>Total tax charge</b>	<b>533,787</b>	<b>649,666</b>

During 2017, the company divested its Information Publishing business. Our external tax advisors have assessed the tax impact of the divestment and have concluded that, as a result of the divestment, a capital loss has crystallised, which has been carried forward. No deferred tax has been recognised in respect of these losses.

The charge for the year can be reconciled to the profit per the income statement as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Profit before taxation	4,012,796	3,005,469
Expected tax charge based on a corporation tax rate of 19.00%	762,431	571,039
Effect of expenses not deductible in determining taxable profit	691	664
Depreciation on assets not qualifying for tax allowances	108,741	(159,228)
Research and development tax credit	(11,400)	(15,200)
Other non-reversing timing differences	(276,434)	(388,907)
Tax relief on share options	(47,311)	(102,268)
Movement on deferred tax	(6,843)	739,653
Other differences	3,912	3,913
<b>Taxation charge for the year</b>	<b>533,787</b>	<b>649,666</b>

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	(435,760)	44,650

# WOLTERS KLUWER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 13 Discontinued operations

On 29 September 2017, the company sold the trade and assets of its Information Publishing business to Croner-i Limited, a subsidiary of the Peninsula group.

The results of the discontinued business, which have been included in the income statement were as follows:

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Profit on sale of discontinued operations	1,226	35,298
<b>Net profit attributable to discontinued operation</b>	<u>1,226</u>	<u>35,298</u>

The company has taken advantage of the disclosure exemptions available in FRS 101 relating to the requirements of paragraph 33(c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations to present net cash flows relating to discontinued operations.

The profit on sale of discontinued operations in 2021 and 2020 relate to divestment-related and onerous contract provisions made at the time of the divestment in 2017, which are considered to be no longer required at the year-end, and have therefore been released to the Income Statement.

**WOLTERS KLUWER (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****14 Intangible fixed assets**

	Goodwill	Publishing rights	Develop't costs	Total
	£	£	£	£
<b>Cost</b>				
At 31 December 2020	6,155,144	16,520,065	10,799,653	33,474,862
Additions - internally generated	-	-	805,805	805,805
Disposals	-	-	(2,443,505)	(2,443,505)
At 31 December 2021	6,155,144	16,520,065	9,161,953	31,837,162
<b>Amortisation and impairment</b>				
At 31 December 2020	-	9,582,259	5,798,675	15,380,934
Charge for the year	-	918,015	1,530,068	2,448,083
Eliminated on disposals	-	-	(1,267,823)	(1,267,823)
At 31 December 2021	-	10,500,274	6,060,920	16,561,194
<b>Carrying amount</b>				
At 31 December 2021	6,155,144	6,019,791	3,101,033	15,275,968
At 31 December 2020	6,155,144	6,937,806	5,000,978	18,093,928

**Impairment tests for cash generating units containing goodwill or intangible assets with an indefinite life**

Goodwill is tested annually for impairment. It is allocated to cash generating units as follows:

	2021 £	2020 £
Wolters Kluwer (UK) Limited	6,155,144	6,155,144
	<u>6,155,144</u>	<u>6,155,144</u>

The recoverable amount of the cash-generating unit has been determined based on value-in-use.

The company has taken advantage of the disclosure exemptions available in FRS 101 relating to the requirements of paragraph 118(e) of IAS 38 Intangible Assets to present comparative information.



**WOLTERS KLUWER (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****15 Property, plant and equipment**

	Leasehold improvements	Fixtures, fittings & equipment	Right-of-use asset - real estate	Right-of-use asset - vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 31 December 2020	642,516	1,142,382	902,774	221,107	2,908,779
Additions	-	92,283	-	72,987	165,270
Disposals	-	-	-	(74,597)	(74,597)
At 31 December 2021	642,516	1,234,665	902,774	219,497	2,999,452
<b>Accumulated depreciation and impairment</b>					
At 31 December 2020	93,746	684,289	378,146	110,046	1,266,227
Charge for the year	62,717	184,392	147,898	53,298	448,305
Eliminated on disposal	-	-	-	(74,597)	(74,597)
At 31 December 2021	156,463	868,681	526,044	88,747	1,639,935
<b>Carrying amount</b>					
At 31 December 2021	486,053	365,984	376,730	130,750	1,359,517
At 31 December 2020	548,770	458,093	524,628	111,061	1,642,552

The company has taken advantage of the disclosure exemptions available in FRS 101 relating to the requirements of paragraph 73(e) of IAS 16 Property Plant and Equipment to present comparative information.

# WOLTERS KLUWER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs	IFRS 15	Retirement benefit obligations	Pension spreading differences	Short-term differences	IFRS 16	Total
	£	£	£	£	£	£	£
Deferred tax asset at 1 January 2020	(1,775,006)	(15,668)	(1,820,390)	(183,350)	(204,807)	(144,769)	(4,143,990)
<b>Deferred tax movements in prior year</b>							
Credit/(charge) to profit or loss	570,103	15,668	-	183,350	(59,740)	30,272	739,653
Credit to other comprehensive income	-	-	44,650	-	-	-	44,650
Deferred tax asset at 31 December 2020	(1,204,903)	-	(1,775,740)	-	(264,547)	(114,497)	(3,359,687)
<b>Deferred tax movements in current year</b>							
Credit to profit or loss	188,277	-	-	-	115,960	26,957	331,194
Credit to other comprehensive income	-	-	95,000	-	-	-	95,000
Effect of change in tax rate - profit or loss	(321,038)	-	-	-	-	(16,999)	(338,037)
Effect of change in tax rate - other comprehensive income	-	-	(530,760)	-	-	-	(530,760)
Deferred tax asset at 31 December 2021	(1,337,664)	-	(2,211,500)	-	(148,587)	(104,539)	(3,802,290)

**WOLTERS KLUWER (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021****17 Trade and other receivables**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade receivables	15,285,756	15,505,969
Loss allowance	(782,039)	(859,765)
	<u>14,503,717</u>	<u>14,646,204</u>
Other receivables	14,663	12,329
Amounts due from group companies	33,248,684	24,542,651
Prepayments	394,697	369,035
IFRS 15 contract assets	869,990	822,868
	<u>49,031,751</u>	<u>40,393,087</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Amounts due from group companies are repayable on demand, and include provision for irrecoverability where appropriate. The loans are unsecured and interest is receivable at a market-equivalent rate. No interest is charged on amounts receivable from dormant, non-trading group companies.

**18 Trade and other payables**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade payables	181,907	487,046
Amounts owed to group companies	30,193	-
Accruals	6,142,243	4,705,394
IFRS 15 contract liabilities	14,354,888	13,450,426
Other payables	348,350	457,862
	<u>21,057,581</u>	<u>19,100,728</u>

Amounts owed to group companies are payable on demand. The loans are unsecured and interest is payable at a market-equivalent rate. No interest is charged on amounts payable to dormant, non-trading group companies.

**WOLTERS KLUWER (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****19 Borrowings**

	2021 £	2020 £
<b>Unsecured borrowings at amortised cost</b>		
Bank overdrafts	3,246	-
	<u>3,246</u>	<u>-</u>

**Analysis of borrowings**

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021 £	2020 £
Current liabilities	3,246	-
	<u>3,246</u>	<u>-</u>

**20 Lease liabilities**

	2021 £	2020 £
<b>Maturity analysis</b>		
Within one year	452,743	443,284
In two to five years	577,016	967,720
	<u>1,029,759</u>	<u>1,411,004</u>
<b>Total undiscounted liabilities</b>	1,029,759	1,411,004
Future finance charges and other adjustments	(17,175)	(34,043)
	<u>1,012,584</u>	<u>1,376,961</u>
<b>Lease liabilities in the financial statements</b>	1,012,584	1,376,961

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021 £	2020 £
Current liabilities	449,040	439,561
Non-current liabilities	563,544	937,400
	<u>1,012,584</u>	<u>1,376,961</u>

	2021 £	2020 £
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	17,551	23,252
	<u>17,551</u>	<u>23,252</u>

The fair value of the company's lease obligations is approximately equal to their carrying amount.

# WOLTERS KLUWER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

21 Provisions	2021 £	2020 £
Restructuring	364,226	365,798
Onerous Contracts	92,661	92,661
Dilapidations	220,000	160,000
Information Publishing	104,919	104,919
	<u>781,806</u>	<u>723,378</u>

	Restructuring £	Onerous Contracts £	Dilapidations £	Information Publishing £	Total £
At 1 January 2021	365,798	92,661	160,000	104,919	723,378
Additional provision	205,248	-	60,000	-	265,248
Reversal of provision	(156,806)	-	-	-	(156,806)
Utilisation of provision	(50,014)	-	-	-	(50,014)
At 31 December 2021	<u>364,226</u>	<u>92,661</u>	<u>220,000</u>	<u>104,919</u>	<u>781,806</u>

The Restructuring provision represents management's best estimate of the company's liability in relation to severance and redundancy payments arising from planned restructuring programs, which are expected to be settled within 12 months of the year-end.

The Onerous Contracts provision represents management's best estimate of the company's liability in relation to contracts to which the company is party, and where the nature of such contracts are no longer relevant to the business, following the divestment of the company's subsidiary undertaking, Croner Group Limited (CGL) in 2015 and the divestment of the Information Publishing business in 2017. These contracts are expected to end within 12 months of the year-end.

The Dilapidations provision represents management's best estimate of the company's contractual obligation to return the leased premises in its original state, relating specifically to making good any 'wear-and-tear' that has occurred during the lease term and the reversal of any leasehold improvements. This provision will gradually increase over the lease term, until such time that the lease expires and these costs are then incurred.

The Information Publishing provision represents management's best estimate of the company's future liabilities in relation to direct and stranded costs, ICT and website costs, and potential future asset write-downs and write-offs in relation to the divestment of the Information Publishing business in 2017. These costs are expected to be incurred and settled within 12 months of the year-end.

## WOLTERS KLUWER (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 22 Retirement benefit schemes

##### **Defined contribution schemes**

The company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the company. The company contributes a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the company with respect to the scheme is to make the specified contributions.

The total costs charged to income in respect of defined contribution plans is £1,134,382 (2020: £1,027,642). There were no amounts outstanding in respect of defined contribution plans at the year-end (2020: none).

##### **Defined benefit scheme**

The company operates a defined benefit final salary scheme (the Wolters Kluwer (UK) plc Final Salary Scheme) which was closed to new entrants on 31 August 2006. The plan assets are held independently of the company in a separate legal entity. The scheme is funded, and is frozen, so existing participants do not accrue future service benefits.

##### *Valuation*

The most recent formal triennial actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out as at 5 April 2020. The triennial actuarial valuation as at 5 April 2020 was finalised on 31 May 2021. The company also receives updated annual formal actuarial valuations at the financial year-end. The present value of the defined benefit obligation and past service cost are measured using the projected unit credit method. As the scheme is frozen, there is no current service cost.

As part of the triennial valuation of 5 April 2020, a recovery plan was agreed with the trustees, and a new contingent interim valuation measure was agreed, expected to result in no contributions for the next 4 years.

##### *Risks*

The company's defined benefit retirement scheme exposes the company to actuarial risks, such as longevity risk, interest rate risk, and investment risk. The company has sought to minimise its exposure to these risks where possible, for example, by moving existing and new employees to defined contribution schemes. The risk relating to benefits to be paid to the dependants of plan members is re-insured by an external insurance company.

##### Longevity risk

The present value of the defined benefit scheme liability is calculated by reference to the best estimate of the mortality of scheme members, both during and after their employment. An increase in life expectancy of the scheme members would increase the scheme's liability.

##### Interest rate risk

A decrease in the bond interest rate would increase the scheme liability, but this would be partly offset by an increase in the return on the scheme's debt investments.

##### Investment risk

The present value of the defined benefit scheme liability is calculated using a discount rate determined by reference to high quality corporate bond yields. If the return on plan assets is below this rate, a scheme deficit would arise. Currently, the pension scheme has a relatively balanced investment in both equity securities and debt instruments. Due to the long-term nature of the scheme liabilities, the Trustees deem it appropriate that a reasonable proportion of the plan assets are invested in equity securities, to leverage the return generated by the fund.

# WOLTERS KLUWER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 22 Retirement benefit schemes

(Continued)

##### *Funding policy*

The trustees of the scheme are required by law to act in the interest of the funds' beneficiaries, and are responsible for the investment policy with regard to the assets of the fund. At the start of the year, the board of trustees consisted of an equal number of company-appointed and member-nominated trustees. During the year, one trustee resigned and two new trustees were appointed.

The level of funding is determined by statutory triennial actuarial valuations in accordance with pension legislation. Where the scheme falls below 100% funded status, the company and the scheme trustees must agree on how the deficit is to be remedied. Indexation is usually a fixed promise and so is built into the funding requirement. The Pensions Regulator has significant powers and sets out in codes and guidance the parameters for scheme funding.

##### *Other information*

As part of the 2020 triennial valuation, the company and trustees agreed to a new interim contingent funding mechanism expected to result in no additional funding contributions. The Pensions Regulator has power to demand more funding and support where a pension scheme has been exposed to unacceptable risk.

	2021 %	2020 %
<i>Key assumptions</i>		
Discount rate	1.8	1.3
Pension growth rate	3.15	2.75
Salary growth rate	N/A	N/A
Inflation (CPI)	2.9	2.45
Post-retirement mortality	1.25	1.25
	<u>          </u>	<u>          </u>
<i>Mortality assumptions</i>	2021 Years	2020 Years
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	22.10	22.10
- Females	23.80	23.80
	<u>          </u>	<u>          </u>
Retiring in 20 years		
- Males	23.10	23.10
- Females	25.10	25.10
	<u>          </u>	<u>          </u>
	2021 £	2020 £
<i>Amounts recognised in the income statement</i>		
Interest on net defined benefit liability/(asset)	(158,000)	(243,000)
Interest expense on effect of (asset ceiling)/onerous liability	166,000	282,000
Past service cost	-	240,000
	<u>          </u>	<u>          </u>
Total costs	8,000	279,000
	<u>          </u>	<u>          </u>

**WOLTERS KLUWER (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021****22 Retirement benefit schemes****(Continued)**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<i>Amounts recognised in other comprehensive income</i>		
Actuarial changes arising from changes in demographic assumptions	281,000	(499,000)
Actuarial changes arising from changes in financial assumptions	(2,589,000)	12,359,000
Actuarial changes arising from experience adjustments	(1,281,000)	1,322,000
Actuarial changes related to plan assets	(3,767,000)	(11,807,000)
Asset not recognised due to asset ceiling	6,856,000	(1,610,000)
Total costs/(income)	<u>(500,000)</u>	<u>(235,000)</u>

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Present value of defined benefit obligations	108,930,000	114,315,000
Fair value of plan assets	<u>(128,714,000)</u>	<u>(125,185,000)</u>
Surplus in scheme	(19,784,000)	(10,870,000)
Asset not recognised due to asset ceiling	19,784,000	12,762,000
Liability recognised in statement of financial position	<u>-</u>	<u>1,892,000</u>

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<i>Movements in the present value of defined benefit obligations</i>		
At 1 January	114,315,000	102,163,000
Past service cost	-	240,000
Benefits paid	(3,261,000)	(3,271,000)
Actuarial gains and losses	(3,589,000)	13,182,000
Interest cost	1,465,000	2,001,000
At 31 December	<u>108,930,000</u>	<u>114,315,000</u>

The defined benefit obligations arise from plans which are wholly or partly funded.



**WOLTERS KLUWER (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021****22 Retirement benefit schemes****(Continued)**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<i>Movements in the fair value of plan assets:</i>		
At 1 January	125,185,000	113,005,000
Interest income	1,623,000	2,244,000
Return on plan assets (excluding amounts included in net interest)	3,767,000	11,807,000
Benefits paid	(3,261,000)	(3,271,000)
Contributions by the employer	1,400,000	1,400,000
At 31 December	<u>128,714,000</u>	<u>125,185,000</u>

The actual return on plan assets was £5,390,000 (2020: £14,051,000).

*Sensitivity of the defined benefit obligations to changes in assumptions*

The present value of defined benefit obligations at the reporting date would be affected by changes in the significant actuarial assumptions as follows:

		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
Discount rate: 1% change	- increase	93,961,000	98,107,000
	- decrease	127,833,000	134,908,000
Pension increase rate: 0.5% change	- increase	114,417,000	120,066,000
	- decrease	103,920,000	109,071,000
Price inflation rate: 0.5% change	- increase	116,031,000	121,919,000
	- decrease	<u>102,541,000</u>	<u>107,490,000</u>

The fair value of plan assets at the reporting period end was as follows:

	<b>Quoted</b>	<b>Unquoted</b>	<b>Quoted</b>	<b>Unquoted</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Equity instruments	14,760,000	-	30,313,000	-
Debt instruments	84,156,000	-	70,417,000	-
Cash and cash equivalents	29,798,000	-	24,455,000	-
	<u>128,714,000</u>	<u>-</u>	<u>125,185,000</u>	<u>-</u>

## WOLTERS KLUWER (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 22 Retirement benefit schemes

(Continued)

##### *Group plans*

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

##### *Funding and expected contributions*

Under the current agreed schedule of contributions, the company is due to make no further contributions for the foreseeable future.

#### 23 Share-based payment transactions

Senior management are awarded shares in the group's parent company Wolters Kluwer NV under the equity-settled Long-Term Incentive Plan (LTIP). The performance conditions are based on diluted Earnings per Share (EPS) at constant currencies and Total Shareholder Return (TSR) for the LTIP awards 2019-21 and 2020-22. For the LTIP 2021-23 award, the diluted EPS performance measure has been replaced by diluted adjusted EPS, and a new performance measure of Return on Invested Capital (ROIC) has been introduced.

The fair value of shares awarded is recognized as an expense with a corresponding increase in equity. The fair value is measured at the grant date and spread over the period during which the employees become unconditionally entitled to the shares. The amount recognized as an expense is adjusted for the actual forfeitures due to participants' resignations before the vesting date.

For senior management, the LTIP 2019-21 and 2020-22 awards depend partially on the TSR performance (50% of the conditionally awarded rights on shares) and partially on the EPS performance (50% of the conditionally awarded rights on shares). The LTIP 2021-23 award is based on the TSR performance (weighting of 50%), diluted adjusted EPS performance (weighting at 30%), and ROIC performance (weighting of 20%).

The performance period of the LTIP is three years, at the beginning of which a base number of shares is conditionally awarded to each beneficiary. As a grant of share options occurs every year, at any one time there are three active LTIP cycles. For example, during the year ended 31 December 2021, LTIP 2019-21, LTIP 2020-22 and LTIP 2021-23 were the active cycles.

During the year ended 31 December 2021, the LTIP 2018-20 options were exercised (2020: LTIP 2017-19), with a weighted average share price of £56.57 (2020: £59.30) at the exercise date. The LTIP 2019-21 options were exercised on 24 February 2022 with a weighted average share price of £73.73.

Total expenses of £537,319 related to equity-settled share-based payment transactions were recognised in the year (2020: £524,404).

The company has taken advantage of the disclosure exemptions available under FRS 101 in relation to the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based Payment.

**WOLTERS KLUWER (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021****24 Retained earnings**

	2021 £	2020 £
At the beginning of the year	14,428,672	11,784,116
Profit for the year	3,480,235	2,391,101
Share based payment transactions	95,236	63,105
Actuarial differences recognised in other comprehensive income	500,000	235,000
Tax on actuarial differences	435,760	(44,650)
	<u>18,939,903</u>	<u>14,428,672</u>
At the end of the year	<u>18,939,903</u>	<u>14,428,672</u>

**25 Share capital**

	2021 £	2020 £
<b>Ordinary share capital</b>		
<b><i>Issued and fully paid</i></b>		
25,010,000 Ordinary shares of £1 each	<u>25,010,000</u>	<u>25,010,000</u>

**26 Subsidiaries**

During the year, the company's wholly-owned, dormant subsidiary, Norton Waugh Computing Limited, was dissolved in October 2021.

**27 Related party transactions**

The company has taken advantage of the disclosure exemptions available in FRS 101 relating to the requirements of paragraph 17 of IAS 24 Related Party Disclosures, and the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, where the members which are a party to the transaction are wholly-owned subsidiaries of the group.

**28 Controlling party**

The company is a wholly-owned subsidiary of Wolters Kluwer Holdings (UK) plc, a company registered in England and Wales.

The ultimate parent company, which is also the ultimate controlling party, is Wolters Kluwer NV, a company registered in The Netherlands.

The smallest and largest group into which the company's results are consolidated are the financial statements of Wolters Kluwer NV, the ultimate parent company, registered at Zuidpoolsingel 2, PO Box 1030, 2400 BA Alphen aan den Rijn, The Netherlands. Copies of the consolidated financial statements are available from 145 London Road, Kingston upon Thames, Surrey, KT2 6SR, or online at [www.wolterskluwer.com](http://www.wolterskluwer.com).