

**Wolters Kluwer Health (Europe) Limited**

**Annual report and financial statements**

**Registered number 02582344**

**31 December 2019**



## **Contents**

<b>Strategic report</b>	<b>1</b>
<b>Director's report</b>	<b>2</b>
<b>Statement of director's responsibilities in respect to the strategic report, the director's report and the financial statements</b>	<b>3</b>
<b>Independent auditor's report to the members of Wolters Kluwer Health (Europe) Limited</b>	<b>4</b>
<b>Profit and Loss Account and Other Comprehensive Income</b>	<b>6</b>
<b>Balance Sheet</b>	<b>7</b>
<b>Statement of Changes in Equity</b>	<b>8</b>
<b>Notes</b>	<b>9</b>

## Strategic report

The director presents his strategic report for the year ended 31 December 2019.

### Business review and future developments

The principal activity of Wolters Kluwer Health (Europe) Limited (the Company) is the holding company for two UK subsidiaries and one Mexican subsidiary that form part of the Wolters Kluwer Health group. Wolters Kluwer Health is a global publisher of medical, nursing and allied health information resources in book, journal, newsletter and loose leaf formats.

The results of the Company for the year, as set out on page 6 to 8, shows a profit on ordinary activities before taxation of £344,000 (2018: £62,000). The shareholders' funds of the Company total £15,166,000 (2018: £14,887,000).

The aim of the Company is to maximise shareholder wealth, revenues and profit before tax, as well as increasing customer base which is inherently linked to financial targets.

### Key performance indicators

	2019	2018
	£'000	£'000
Shareholders' Funds	15,166	14,887
Profit / (loss) after tax	279	(35)

The Company continues to hold shareholdings in subsidiaries and there are no plans to change its strategic approach.

### Principal risks and uncertainties

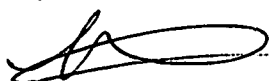
The Company is exposed to the risk of an impairment on its investments should any of its subsidiaries suffer a downturn in its trading operations.

A corporate policy for managing risk is followed, which involves regular disclosures covering all aspects of the business. The Wolters Kluwer Health group's Internal Controls Officer reports on these items regularly to the senior Wolters Kluwer Health management team, and the audit and risk committee at Wolters Kluwer's head office.

The company is a member of the Wolters Kluwer group bank pooling arrangement in the UK group in order to minimise interest rate exposure.

The Director notes the potential impact of the Covid-19 pandemic on the Company's operations and balances, and in particular the carrying value of the Company's investments in subsidiaries. Given the nature of the Company as a holding company, the Director does not believe that the Covid-19 pandemic will adversely impact the Company's operations, balances or future prospects.

By order of the board



*Kevin Joseph*  
Director

Date: 29 June 2020

**Registered Office:**  
145 London Road  
Kingston Upon Thames  
Surrey  
KT2 6SR

**Company registered number:**  
02582344

## **Director's report**

The director presents the annual report and the audited financial statements for the year ended 31 December 2019.

### **Proposed dividend**

The director does not propose the payment of a dividend (2018: £Nil).

### **Director**

The director who served during the period were as follows:

Kevin Joseph

The director benefited from qualifying third party indemnity provisions and qualifying pension scheme indemnity provisions in place during the financial year and at the date of this report.

### **Political and charitable contributions**

The Company made no political or charitable donations (2018: nil) or incurred any disclosable political expenditure during the year.

### **Disclosure of information to auditor**

The director who held office at the date of approval of this director's report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and they has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board



*Kevin Joseph*  
*Director*

Date: 29 June 2020

**Registered Office:**  
145 London Road  
Kingston Upon Thames  
Surrey  
KT2 6SR

**Company registered number:**  
02582344

## **Statement of director's responsibilities in respect of the strategic report and the director's report and the financial statements**

The director is responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the director 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 director is required to:

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

The director is 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 have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

### **Opinion**

We have audited the financial statements of Wolters Kluwer Health (Europe) Limited (the 'company') for the year ended 31 December 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, 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 2019 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 Auditors' 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Director's Report, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information, except for the extent otherwise explicitly stated in our report, and we do not express any form of assurance conclusion thereon.

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.

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

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

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

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

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

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 or the Director's Report.

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

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

### **Responsibilities of director**

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is 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 director determines 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 director is 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 director either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' 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 a Report of the Auditors 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 [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

### **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 a Report of the Auditors 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.



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Jason Leach (Senior Statutory Auditor)  
for and on behalf of Bennett Brooks & Co Limited  
Chartered Accountants & Statutory Auditors

Date: 29 June 2020

St George's Court  
Winnington Avenue  
Northwich  
Cheshire  
CW8 4EE

**Profit and Loss Account and Other Comprehensive Income**  
*for the Year ended 31 December 2019*

	<i>Note</i>	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
<b>Turnover</b>		-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
Administration costs		<u>324</u>	<u>39</u>
<b>Operating profit</b>		<b>324</b>	<b>39</b>
Interest receivable and similar charges	4	<u>20</u>	<u>23</u>
<b>Profit before taxation</b>	2	<b>344</b>	<b>62</b>
Tax on profit	5	<u>(65)</u>	<u>(97)</u>
<b>Profit/(Loss) for the financial year</b>		<b>279</b>	<b>(35)</b>
Other comprehensive income		-	-
<b>Total comprehensive profit/(loss) for the financial year</b>		<u><b>279</b></u>	<u><b>(35)</b></u>

The accompanying notes set out on pages 9 to 18 form an integral part of these financial statements.

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

All results derive from continuing activities.

There were no other recognised gains or losses for either the current year or the prior year.



**Balance sheet**  
*at 31 December 2019*

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Investments	7	<u>14,482</u>	<u>14,482</u>
		<b>14,482</b>	<b>14,482</b>
<b>Current assets</b>			
Debtors	8	<u>3,788</u>	<u>4,107</u>
Cash at bank and in hand		<u>1,136</u>	<u>1,548</u>
		<b>4,924</b>	<b>5,655</b>
<b>Creditors: amounts falling due within one year</b>	9	<b>(4,240)</b>	<b>(5,250)</b>
<b>Net current assets</b>		<u><b>684</b></u>	<u><b>405</b></u>
<b>Total assets less current liabilities</b>		<b>15,166</b>	<b>14,887</b>
<b>Provision for liabilities</b>			
Pension liability	10	<u>-</u>	<u>-</u>
<b>Net Assets</b>		<u><b>15,166</b></u>	<u><b>14,887</b></u>
<b>Capital and reserves</b>			
Called up share capital	11	<u>13,001</u>	<u>13,001</u>
Profit and loss account		<u>2,165</u>	<u>1,886</u>
<b>Shareholders' funds</b>		<u><b>15,166</b></u>	<u><b>14,887</b></u>

The notes set out on pages 9 to 18 form an integral part of these financial statements.

The financial statements were approved by the Director on 29 June 2020 and signed on its behalf by:



Kevin Joseph  
Director

Wolters Kluwer Health (Europe) Limited

Registered number 02582344

## Statement of Changes in Equity

Year ended 31 December 2019

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2018	1	1,921	1,922
Issue of share capital in year	13,000	-	13,000
<b>Total transactions with owners recognised in equity</b>	<b>13,000</b>	<b>-</b>	<b>13,000</b>
<b>Total comprehensive expense for the year</b>			
Loss for the year	-	(35)	(35)
<b>Total comprehensive expense for the year</b>	<b>-</b>	<b>(35)</b>	<b>(35)</b>
<b>Balance at 31 December 2018</b>	<b>13,001</b>	<b>1,886</b>	<b>14,887</b>

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2019	13,001	1,886	14,887
<b>Total comprehensive income for the year</b>			
Profit for the year	-	279	279
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>279</b>	<b>279</b>
<b>Balance at 31 December 2019</b>	<b>13,001</b>	<b>2,165</b>	<b>15,166</b>

The notes set out on pages 9 to 18 form an integral part of these financial statements.

## Notes to the financial statements

*(forming part of the financial statements)*

### 1 Accounting policies

Wolters Kluwer Health (Europe) Limited is a private company incorporated in England and Wales and domiciled in the UK. The address of the company's registered office can be found on page 1 and its principal place of business is Floor 41, 25 Canada Square, Canary Wharf London, United Kingdom, E14 5LQ. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. The presentation currency of the financial statement is the Pound Sterling (£) and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated..

#### a) Basis of preparation

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

There financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (March 2018) ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Wolters Kluwer N.V., includes the Company in its consolidated financial statements. The consolidated financial statements of Wolters Kluwer N.V. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Zuidpoolsingel 2, P.O. Box 1030, 2400 BA, Alphen aan den Rijn, The Netherlands.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the reclassification of items in the financial statements;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

## Notes to the financial statements (*continued*)

### Accounting policies (*continued*)

As the consolidated financial statements of Wolters Kluwer N.V. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### b) Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 1. The financial position of the company is set out in the Balance Sheet on page 7.

The director, having considered the net asset position and any potential impact of the Covid-19 pandemic, believes that the Company will be able to continue as a going concern for the foreseeable future. With the equity injection in 2018, the company has strengthened into a net current assets position and therefore no longer appear to have any apparent threat as a going concern.

The director thus continues to adopt the going concern basis of accounting in preparing the annual financial statements.

#### c) Measurement convention

The financial statements are prepared on the historical cost basis. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

#### d) Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- i. they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- ii. where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

## Notes to the financial statements (*continued*)

### Accounting policies (*continued*)

#### e) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

##### *Trade and other debtors*

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Trade and other creditors*

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### *Investments*

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment.

##### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### f) Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash held with banks and banks overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### g) Business combinations

Subject to the transitional relief in IFRS 1, all unincorporated business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the company.

##### *Acquisitions on or after 1 January 2010*

For acquisitions on or after 1 January 2010, the company measures goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable balances arising in the periods beginning after 1 January 2017 is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For contingent consideration balances arising in the periods beginning before 1 January 2017: Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

## Notes to the financial statements (*continued*)

### Accounting policies (*continued*)

#### **h) Impairment excluding stocks and deferred tax assets**

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### **i) Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

#### **j) Foreign currency**

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. All translation differences are taken to the profit and loss account.

## Notes to the financial statements (*continued*)

### Accounting policies (*continued*)

#### k) Expenses

##### *Operating lease payments*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

##### *Finance lease payments*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### l) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

## Notes to the financial statements *(continued)*

### 2 Profit on ordinary activities

Included in the profit and loss are the following (gains) and losses:

	2019 £000	2018 £000
Foreign exchange gains and losses	(367)	(20)
Pension costs	30	36
Auditors remuneration	5	7

### 3 Director and employees

The Director is employed by a subsidiary company. The director received no emoluments in respect of services provided to the Company (2018: *£nil*) and it is believed that no allocation of director emoluments should be absorbed by the company.

The Company does not employ any personnel directly, but draws on resources of other group undertakings for its business requirements.

### 4 Interest receivable and similar income

	2019 £000	2018 £000
Intercompany interest received	20	23



## Notes to the financial statements (continued)

### 5 Tax on profit / (loss)

	2019 £000	2018 £000
<i>UK Corporation tax</i>		
Current tax on income for the period	61	-
<b>Current tax charge</b>	<b>61</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	4	11
Adjustments in respect of prior periods	-	86
<b>Total deferred tax</b>	<b>4</b>	<b>97</b>
<b>Total tax charge</b>	<b>65</b>	<b>97</b>

The above tax charge will be paid via the surrender of group relief to fellow subsidiary companies.

#### *Factors affecting the tax charge for the current period*

The current tax charge for the period is the same (2018: higher) than the standard rate of corporation tax in the UK (19.00%, 2018: 19.00%). The differences are explained below.

#### *Reconciliation of effective tax rate*

	2019 £'000	2018 £000
Profit/(Loss) before taxation	344	62
Tax using the UK corporation tax rate of 19.00% (2018: 19.00 %)	65	12
Effect of:		
Reduction in tax rate on deferred tax balances	-	1
Adjustments in respect of prior periods	-	86
<b>Total tax credit for the period</b>	<b>65</b>	<b>97</b>

In the Spring Budget 2020, the Government announced that the previously enacted decrease in the corporate tax rate from 19% to 17% from 1 April 2020 would no longer happen and that rates would remain at 19% for the foreseeable future. The new law was substantively enacted by a resolution under the Provisional Collection of Taxes Act 1968 on 17 March 2020.

## Notes to the financial statements (continued)

### 6 Deferred tax

#### Recognised deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

	2019 £'000	2018 £'000
Deferred tax asset		
Deferred tax comprises:		
Tax losses carried forward and other deductions	-	4
<b>Total</b>	<b>-</b>	<b>4</b>

#### Movement in deferred tax during the year:

	2019 £'000	2018 £000
Opening deferred tax asset	4	101
Timing differences recognised in profit and loss account	(4)	(97)
Closing deferred tax asset	-	4

### 7 Investments

	2019 £000	2018 £000
<i>Cost</i>		
At 1 January	14,482	5,982
Addition	-	8,500
At 31 December	<b>14,482</b>	<b>14,482</b>

During the 2018 year end, capital injections were effected and the investments (which were already 100% owned) in Wolters Kluwer Health (Professional and Education) Limited and Wolters Kluwer Health (Medical Research) Limited were increased by £8,500,000.

The shares are shown at historical cost value at acquisition.

#### Subsidiary Companies

The Company has the following investments in subsidiaries:

	Registered office	Principal Activity	Class and percentage of shares held
Wolters Kluwer Health (Professional and Education) Limited	145 London Road, Kingston upon Thames, KT2 6SR, UK	Distribution of medical text books and journals	Ordinary 100%
Wolters Kluwer Health (Medical Research) Limited	145 London Road, Kingston upon Thames, KT2 6SR, UK	Provision of information, software and services to healthcare professionals	Ordinary 100%
Wolters Kluwer Health Professional and Education Mexico, S.A. de C.V.	Montecito No. 38 Col. Nápoles Piso 35 Oficina 31 y 32 Del. Benito Juarez CDMX C.P. 03810 Mexico	Distribution of medical text books and journals	Ordinary 95%

There were no changes to Class and percentage of shares held in the period.

## Notes to the financial statements (continued)

### 8 Debtors

	2019 £000	2018 £000
Amounts owed by group undertakings	3,788	4,103
Deferred Tax	-	4
	<u>3,788</u>	<u>4,107</u>

Amounts owed by group undertakings are unsecured and repayable on demand.

### 9 Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Amounts owed to group undertakings	4,088	5,126
Other creditors	12	13
Corporation Tax	140	111
	<u>4,240</u>	<u>5,250</u>

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

### 10 Provision for liabilities

#### Pension costs

At 31 December 2012 an estimate of recharges to be made in relation to group pension schemes was provided for. This provision was reviewed at 31 December 2016 and released as the group company Wolters Kluwer UK Plc, has released Wolters Kluwer Health (Europe) Limited from all commitments regarding group pension schemes. The remaining provision is attributable to charges already made post 31 December 2017 and up to the date of the release of commitment.

	2019 £000	2018 £000
1 January	-	20
Utilised	-	(20)
31 December	<u>-</u>	<u>-</u>

### 11 Called up share capital

	2019 £000	2018 £000
<i>Allotted and fully paid</i>		
13,001,000 ordinary shares issued of £1 each (2018: 13,001,000)	<u>13,001</u>	<u>13,001</u>

The holders of ordinary shares entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

The company issued shares inclusive totalling £13m on 15 May 2018 which was settled on intercompany account.

## **Notes to the financial statements *(continued)***

### **12 Ultimate parent company and parent undertaking of larger group of which the Company is a member**

The immediate parent company at 31 December 2019 was Wolters Kluwer Holdings (UK) Plc, a company incorporated in England.

The ultimate parent company at 31 December 2019 was Wolters Kluwer N.V., a company incorporated in The Netherlands.

The largest and smallest group in which the results of the Company are consolidated is that headed by Wolters Kluwer NV, incorporated in the Netherlands. Copies of the group financial statements of Wolters Kluwer NV may be obtained from Wolters Kluwer N.V., Stadhouderskade 1, P.O. Box 818. 1000 AV Amsterdam, Netherlands.

### **13 Subsequent events**

There have been no major significant events since the balance sheet date.