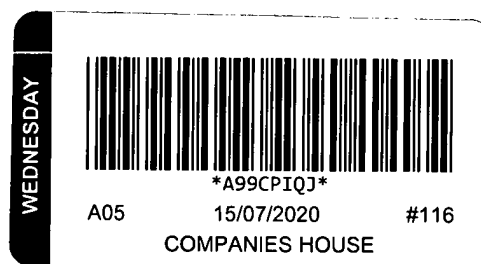


Biomed Central Limited

Registered Number 03680030

Report and Financial Statements

31 December 2019



Biomed Central Limited

Directors

H U Vest
S C Inchcoombe
R E Jacobs
G M Williams Hamer

Secretary

G M Williams Hamer

Auditor

Ernst & Young LLP
Grosvenor House, Grosvenor Square
Southampton, SO15 2BE

Registered Office

The Campus
4 Crinan Street
London N1 9XW

Biomed Central Limited

Registered No. 03680030

Strategic report

The purpose of the Strategic Report is to inform members of Biomed Central Limited, 'the Company', and help them assess how the Directors have performed their duty under Section 172 of the Companies Act 2006.

Results and dividends

The profit for the year after taxation amounted to £26,864,000 (2018 – £18,101,000). Interim dividends paid during the year were £4,758,750 (2018 – £5,591,073). The directors do not recommend the payment of a final dividend (2018 – nil).

Principal activities and review of the business

The principal activity of the Company in the year under review was that of a publisher of open access and online articles in the field of science, technology and medicine. The Company is a member of the Springer Nature group, a leading global research, education and professional publisher. The Company had a successful year, achieving good revenue and operating profit growth in 2019. The Company continues to benefit from the broad spread of its international business and the diversity of markets in which the Company operates.

On 17 December 2019 the company paid a dividend on its preference shares of £4,758,750 to Springer Nature One Limited, a fellow group undertaking.

Key performance indicators

The company's key financial performance indicators during the year were as follows:

	2019 £000	2018 £000	% change
Turnover	56,770	48,872	16%
Profit after tax	26,864	18,101	48%

The company's revenues increased by 16% as a result of increased journal submissions and acceptance rates. Profit has increased by 48% as a result of lower intercompany cost recharges and higher interest income.

Principal risks and uncertainties

Economic and technological risks

The Company is exposed to a wide variety of political, technological and economic risks as the Company operates internationally in most countries in the world. The Company is exposed to risks and opportunities through the rapid development of electronic means of content delivery in the publishing and media markets. The Company continues to take advantage of the opportunities presented by these developments through its investment in online publishing via its Springer Nature brand, and through the development of electronic content delivery in its markets.

In recent years, there has been continuing rapid expansion of electronic means of delivery of content in the retail publishing sector. The Company invests for the future in the development of online content delivery as technology adoption evolves in each market. The Company continues to invest in the growing open access market whereby authors pay to publish content online, enabling free access to end-user customers.

Biomed Central Limited

Registered No. 03680030

Strategic report

Liquidity risk and capital resources

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The financial position of the Company remains strong.

Credit risk

The company trades with only recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. Company policy is to arrange longer term Company borrowing requirements through the Company's ultimate holding company. The Company itself does not have any external third party borrowings and has access to sufficient resources to meet its needs.

Impact of Covid-19

On 11 March 2020, the World Health Organization declared Covid-19 a global pandemic. As a result management have identified the following key risks and mitigating actions.

Customer behaviour may be materially impacted by Covid-19 virus, which may have an impact on the scientific research and educational publishing markets. Management have been having regular business update calls to monitor key trading data and address business concerns. The Group continues to be in regular dialogue with customers to adapt to the risk of changes to customer purchasing patterns.

As a leading scientific research publisher, the actions the Group has taken to mitigate customer risk, has included creating an international online hub of Covid-19 stories in its key branded publications comprising Nature, Scientific American, Springer Healthcare and BMC. Whilst recognising we are in the early stages of the pandemic, these actions have led to increased interest in our scientific research content, website traffic and an increase in numbers of research articles published.

There is a risk of infection of employees. Springer Nature have taken appropriate action regarding staff health and safety and restricted international travel. Business Continuity plans have been updated for Covid-19 including escalation procedures, office monitoring and communications. This has included daily monitoring of any Covid-19 incidents with employees.

Contingency plans have been put in place with defined levels of escalation leading ultimately to deep cleaning at affected sites and implementation of remote working where appropriate. Local office representatives have acted, and continue to act, as key contacts for communications and support employees in applying required policies and procedures.

There is a risk that Springer Nature Group offices may be shut for a prolonged period and customer facing activities would need to switch to remote working arrangements. Business Continuity plans have been implemented for each office and staff have been equipped to work from home on as close to a 'business as usual' basis as possible.

Future developments

The 2020 outlook is for stable revenue from its Research business. This is possible from the launch of new journals, growth in articles in existing journals, strength of our brands and the mitigating actions we have taken in response to Covid-19 as mentioned in the 'Principal risks and uncertainties' section on page 3 of this report. This is possible from the launch of new journals and the growth in articles in existing journals. The Company will continue to invest in people, systems and development of new journals to meet the demands of the Scientific research community and profit expectations.

The Company continues to assess the impact of future developments including Plan S, which is an initiative for open access publishing launched by Science Europe in September 2018. If adopted by its members, Plan S would require researchers who benefit from state-funded research organisations to publish their work in open repositories by 2021. It is too early for the Company to measure the impact of such potential developments.

Biomed Central Limited

Registered No. 03680030

Strategic report

Future developments (continued)

Whilst the Company remains committed to further developing technology-based products and services, it recognises that the development of electronic publishing poses threats through the potential erosion of copyright and the unauthorised use of copyright material. The Company defends vigorously its copyrights and takes action to oppose unauthorised use of copyright material.

The Company places its highest priority on the publication of quality material in the diverse publishing markets which it serves. The Company continues to emphasise and invest in the development of its relationships with its authors, contributors, customers and employees to ensure this.

Section 172(1) Statement

This section, together with those pages incorporated by reference, explains how the Directors have had regard to the matters set out in section 172 1(a) to (f) and forms the director's statement required under section 414CZA of the Companies Act 2006.

(a) the likely consequences of any decision in the long term

The Springer Nature Group is governed by a Supervisory Board and a Management Board which regularly meets and makes decisions to promote the long term success of the Group.

The majority of the Board of Directors of the Company are also members of the Group's Management Board and all directors have regard for the likely consequences of decisions in the long term. The Company's Board meets regularly to discuss the implications of decisions that are to be made. In doing so the Board considers the risks and potential opportunities associated with each decision.

(b) the interests of the Company's employees

The Board recognizes the importance of open communication and engagement between workers and managers regarding working conditions. In the UK, the Employee Representation Forum is a group of elected employees who act as a direct communication channel between UK employees and senior management including members of the Group Management Board. Forum representatives offer feedback, consultation and information on issues of importance to staff and to the business. Feedback from colleagues is also gathered via surveys, town hall meetings and on the company intranet and shared with the Group Management Board. Through these and other forums the Directors of the Company has regard to the interests of the Company's employees.

(c) the need to foster the Company's business relationships with suppliers and customers

The Board recognises the importance of fostering business relationships with its suppliers and customers, which it considers to be Business Partners. The Company's policy on Supply Chain management is stated on Page 7 of our Business Partner Code of Conduct, and the Company's policy on Business Conduct (which covers Supplier and Customer relationships) is stated on Page 6. The Company expects its Business Partners to encourage the protection of human rights, labour conditions, health and safety, anti-corruption and environmental protection when fulfilling their contractual obligations and to conduct business in an honest and ethical way, free of corrupt practices, acts of bribery, anti-competitive behaviour or conflicts of interests.

(d) the impact of the Company's operations on the community and the environment

As a member of the Springer Nature Group, the Board recognises its responsibilities towards the communities and environment it works with and works in, worldwide. Further details can be found in the Corporate Responsibility section on Page 6 of the Director's Report.

Biomed Central Limited

Registered No. 03680030

Strategic report

Section 172(1) Statement (continued)

(e) maintaining a reputation for high standards of business conduct

Springer Nature's Employee Code of Conduct and Business Partner Code of Conduct provides our framework to maintaining high standards of business conduct. Further details can be found in the Director's Report in these financial statements in the Employee and Supplier and Customer Relationship sections. In addition, the Company's commitment to maintaining high standards of business conduct can also be found in Springer Nature's Responsible Business report.

(f) the need to act fairly as between members of the company

The Company is a wholly owned subsidiary within the Springer Nature Group and has a single parent company as its immediate shareholder.

The Supervisory Board and Management Board of the Company's ultimate parent both have regard to the interests of the ultimate shareholders of the Group.

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

DocuSigned by:

Rachel Jacobs

R E Jacobs

Director

19 June 2020

Biomed Central Limited

Registered No. 03680030

Directors' report

The directors present their annual report and Company financial statements for the year ended 31 December 2019.

Directors

The directors holding office during the year are shown on page 1.

During the year no director, or their spouses or dependent children, has held any interest in the shares of the Company. The Company has indemnified one or more directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report.

Going concern

The directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements. Going concern has been assessed, taking into account the Company's current financial position and after modelling the impact of certain scenarios related to the impact of Covid-19. One 'base case scenario' and one 'reverse stress test' scenario has been modelled to address the risk posed by Covid-19.

The 'base case scenario' assumes a 16-week lockdown and phased recovery commencing at end of Q3 2020. A broad assessment of the financial impact has been modelled including impact on sales, production and operating costs. In modelling the scenario, the Company has considered the potential impact on print and online sales, implications of travel restrictions, together with the impact of reduced income from advertising. The base case does not threaten the going concern of the Company.

The 'reverse stress test' aimed to determine the break point of the going concern of the Company to identify those factors that would cause the business to fail and assist in the evaluation of those factors, and to determine if this is reasonably possible. The 'reverse stress test scenario' modelled a revenue forecast that would cause the Company to become cash flow negative for the next 12 months. This indicated that revenues would need to fall by more than 50% over the next 12 months before the Company would need to seek additional liquidity resources. This scenario was considered to be implausible due to a range of factors including; the recent evidence of increased scientific research publication in near term, good renewal rates in our subscriptions-related businesses, and the strength of our Open Access and online publications.

The entity forms part of the group cash pooling arrangement underpinning the daily liquidity of the entity with access to cash via the cash pooling facility, directors received a letter of support from the parent entity to confirm continued access to the cash pooling facility, and support of the parent entity's ability to stand behind the support.

Based on the above modelling, the Directors have a reasonable expectation that the Company will continue in operation and meet its liabilities as they fall due for the foreseeable future and for at least 12 months from the signing date of these financial statements.

Financial instruments

The Company's financial instruments are discussed in note 14.

Biomed Central Limited

Registered No. 03680030

Directors' report

Employees

The average monthly number of employees in the Company in 2019 was 164, compared to 184 in 2018.

Employee engagement

Springer Nature recognizes the importance of open communication and engagement between workers and managers regarding working conditions. We respect our employees' legal rights to freely associate, organize and bargain collectively without fear of harassment, intimidation, penalty, intimidation or reprisal. In the UK, the Employee Representation Forum is a group of elected employees who act as a direct communication channel between UK employees and senior management including members of the Management Board. Forum representatives offer feedback, consultation and information on issues of importance to staff and to the business. Feedback from colleagues is also gathered via surveys, town hall meetings and on the company intranet. Through these and other forums the Company raises awareness of the financial and economic factors that influence the Company's performance.

Communication, training and development

The Company is committed to the continuous improvement of employee performance by developing skills and expertise through training and development. We provide support that helps our global leaders to work efficiently in virtual teams, communicate across geographies and cultures, and develop diverse leadership groups that reflect the wider workforce. We offer training programmes, ranging from business skills to resilience via an online learning platform and provide information on business strategy and regular performance updates on an employee intranet.

Disabled Persons

The Company recognises a duty towards the disabled by taking opportunities to employ suitably qualified disabled people. Arrangements are made to encourage their participation in training and career development.

Supplier and customer relationships

The Company recognises the importance of fostering business relationships with its suppliers and customers, which it considers to be Business Partners. The Company's policy on Supply Chain management is stated on Page 7 of our Business Partner Code of Conduct, and the Company's policy on Business Conduct (which covers Supplier and Customer relationships) is stated on Page 6. The Company expects its Business Partners to encourage the protection of human rights, labour conditions, health and safety, anti-corruption and environmental protection when fulfilling their contractual obligations and to conduct business in an honest and ethical way, free of corrupt practices, acts of bribery, anti-competitive behaviour or conflicts of interests.

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with.

Corporate Responsibility

As a member of the Springer Nature Group, the Company recognises its responsibilities towards the communities it works with and works in, worldwide. The Company considers compliance with the laws and regulations that impact our business to be an essential part of acting responsibly. Where local laws are less restrictive than Springer Nature's Code of Conduct and Global Policies, Springer Nature expects its employees and other representatives to follow Springer Nature's Code of Conduct and Global Policies even if the conduct would otherwise be legal. Working at Springer Nature means respecting the individual, embracing diversity, equality of opportunity, prohibiting discrimination and maintaining healthy and safe working conditions.

Biomed Central Limited

Registered No. 03680030

Directors' report

Corporate Responsibility (continued)

Springer Nature supports the delivery of the UN's Sustainable Development Goals (SDGs) and aims to be the SDG Publisher of Choice, by publishing and disseminating research relevant to the Goals. In support of SDG 13: Climate Action. Springer Nature is acting to reduce its carbon footprint and other environmental impacts, including reducing net carbon emissions. The Company is a member of the Book Chain Project, which supports publishers in understanding the origins of, and forest-management practices for, the wood fibre used in papers and boards. The Company expects high standards of corporate responsibility from its business partners, and undertakes audits to verify that appropriate standards are adhered to by its suppliers. Further details on Springer Nature's responsible business strategy, environmental initiatives and community programmes, as well as the Business Partner Code of Conduct, Modern Slavery Act statement and UK Gender Pay Gap report can be accessed at www.springernature.com/responsiblebusiness.

Events after the financial year end

In the period since year end, the COVID-19 global pandemic has had a significant impact on the wider UK and global economy, and on the company, the company has assessed key risks and mitigating actions. This matter is discussed more fully in the strategic report on page 3, as well as in Note 18 to the financial statements. No other material events have occurred since the statement of financial position date which would affect the financial statements of the Company.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board of Directors
And signed on behalf of the Board

DocuSigned by:

Rachel Jacobs

R. E. Jacobs...

Director

19 June 2020

Biomed Central Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 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 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;
- 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 proper 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.

Independent auditor's report

to the members of Biomed Central Limited

OPINION

We have audited the financial statements of Biomed Central Limited for the year ended 31 December 2019 which comprise the Statement of comprehensive income, the Statement of changes in equity, the Balance sheet and the related notes 1 to 18, 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view 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 Auditor's responsibilities for the audit of the financial statements section of our report below. 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.

EMPHASIS OF MATTER – EFFECTS OF COVID-19

We draw attention to Note 18 of the Financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19 which is impacting the wider UK and global economies as well as the company's ability to operate normally. Our opinion is not modified in respect of this matter.

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have 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.

Independent auditor's report

to the members of Biomed Central Limited

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 the 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 the audit:

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

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 directors' report.

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

As explained more fully in the directors' responsibilities statement set out on page 9, 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.

Independent auditor's report

to the members of Biomed Central Limited

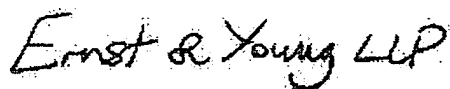
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



Ryan Squires (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Southampton

Date: 23 June 2020

Biomed Central Limited

Statement of comprehensive income

for the year ended 31 December 2019

	<i>Notes</i>	<i>2019</i> <i>£000</i>	<i>2018</i> <i>£000</i>
Turnover	3	56,770	48,872
Cost of sales		(11,685)	(10,860)
Gross profit		45,085	38,012
Administrative expenses		(16,387)	(19,435)
Operating profit	4	28,698	18,577
Interest receivable and similar income	7	4,456	3,826
Interest payable and similar charges	7	(20)	(22)
Profit on ordinary activities before taxation		33,134	22,381
Tax on profit on ordinary activities	8	(6,270)	(4,280)
Profit for the financial year and total comprehensive income		26,864	18,101

For the current and preceding year there were no discontinued operations reflected above.

Biomed Central Limited

Statement of changes in equity

for the year ended 31 December 2019

	<i>Share capital £000</i>	<i>Retained earnings £000</i>	<i>Total equity £000</i>
At 1 January 2018	70,393	20,864	91,257
Dividends paid	-	(5,591)	(5,591)
Profit for the financial year	-	18,101	18,101
Total comprehensive income for the year	-	18,101	18,101
At 31 December 2018	<u>70,393</u>	<u>33,374</u>	<u>103,767</u>
Dividends paid	-	(4,759)	(4,759)
Profit for the financial year	-	26,864	26,864
Total comprehensive income for the year	-	26,864	26,864
At 31 December 2019	<u>70,393</u>	<u>55,479</u>	<u>125,872</u>

Biomed Central Limited

Balance sheet

as at 31 December 2019

	<i>Notes</i>	<i>2019 £000</i>	<i>2018 £000</i>
Fixed assets			
Intangible assets	9	6,029	6,037
Tangible assets	10	46	56
		<u>6,075</u>	<u>6,093</u>
Current assets			
Debtors: amounts falling due within one year	12	156,999	116,626
		<u>156,999</u>	<u>116,626</u>
Cash at bank and in hand		-	-
Stocks	11	344	585
		<u>157,343</u>	<u>117,211</u>
Creditors: amounts falling due within one year	13	<u>(37,546)</u>	<u>(19,537)</u>
Net current assets		<u>119,797</u>	<u>97,674</u>
Net assets		<u>125,872</u>	<u>103,767</u>
Capital and reserves			
Called up share capital	15	70,393	70,393
Retained earnings		55,479	33,374
Total equity		<u>125,872</u>	<u>103,767</u>

Signed on behalf of the Board of Directors

DocuSigned by:

Rachel Jacobs

R. E. Jacobs...

Director

19 June 2020

Registered Number: 03680030

Biomed Central Limited

Notes to the financial statements

at 31 December 2019

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Biomed Central Limited (the "Company") for the year ended 31 December 2019 were authorised for issue by the board of directors on 19 June 2020 and the balance sheet was signed on the board's behalf by R E Jacobs. Biomed Central Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company has used a true and fair view override in respect of the non amortisation of goodwill (see note 2.3 (b)).

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

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. The results of subsidiary undertakings are dealt with in the consolidated financial statements of the ultimate parent undertaking, Springer Nature AG & Co. KGaA. The group financial statements of Springer Nature AG & Co. KGaA within which this company is included can be obtained from the address given in note 17.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019.

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

- (a) 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*; (iii) paragraph 118(e) of IAS 38 *Intangible Assets*;
- (b) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (c) the requirements of IAS 7 *Statement of Cash Flows*;
- (d) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- (e) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- (f) 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

2.2 Going concern

The going concern basis of preparing the financial statements has been adopted as in the view of the directors, as set out in the Directors' report on page 6, the Company has adequate resources to continue in operational existence for the foreseeable future.

Going concern has been assessed, taking into account the Company's current financial position and after modelling the impact of certain scenarios related to the impact of Covid-19. One 'base case scenario' and one 'reverse stress test' scenario has been modelled to address the risk posed by Covid-19.

Biomed Central Limited

Notes to the financial statements

at 31 December 2019

2.2 Going concern (continued)

The 'base case scenario' assumes a 16-week lockdown and phased recovery commencing at end of Q3 2020. A broad assessment of the financial impact has been modelled including impact on sales, production and operating costs. In modelling the scenario, the Company has considered the potential impact on print and online sales, implications of travel restrictions, together with the impact of reduced income from advertising. The base case does not threaten the going concern of the Company.

The 'reverse stress test' aimed to determine the break point of the going concern of the Company to identify those factors that would cause the business to fail and assist in the evaluation of those factors, and to determine if this is reasonably possible. The 'reverse stress test scenario' modelled a revenue forecast that would cause the Company to become cash flow negative for the next 12 months. This indicated that revenues would need to fall by more than 50% over the next 12 months before the Company would need to seek additional liquidity resources. This scenario was considered to be implausible due to a range of factors including; the recent evidence of increased scientific research publication in near term, good renewal rates in our subscriptions-related businesses, and the strength of our Open Access and online publications.

The entity forms part of the group cash pooling arrangement underpinning the daily liquidity of the entity with access to cash via the cash pooling facility, directors received a letter of support from the parent entity to confirm continued access to the cash pooling facility, and support of the parent entity's ability to stand behind the support.

Based on the above modelling, the Directors have a reasonable expectation that the Company will continue in operation and meet its liabilities as they fall due for the foreseeable future and for at least 12 months from the signing date of these financial statements.

Impact of COVID-19

In light of the rapidly escalating COVID-19 pandemic, the Company has considered whether any adjustments are required to reported amounts in the financial statements.

As at the 31 December 2019 balance sheet date, no global pandemic had been declared, large global share price falls had not yet occurred, and the Chinese government had only just confirmed that it was treating cases of pneumonia of an unknown cause. Days later researchers in China identified a new virus but there was still no reported evidence that the virus was readily spread by humans.

The full ramifications of COVID-19, and the extent of Government interventions in response, were not apparent. Subsequent to the balance sheet date, the World Health Organization declared a pandemic on 11 March 2020, the UK Government moved to a 'delay' phase on 12 March, announced social distancing measures on 16 March, and unprecedented 'stay at home' restrictions on 23 March.

The Company has therefore concluded that the necessity for large-scale government interventions (both in the UK and the other countries in which the Group operates) in response to COVID-19 only became apparent after the balance sheet date and therefore that the consequences of such interventions represent non-adjusting post balance sheet events. However, given these events are of such global significance, further disclosures, are given in Note 18.

2.3 Judgements and the key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Management consider that there are no material judgements or estimation uncertainty in the preparation of these financial statements.

Biomed Central Limited

Notes to the financial statements

at 31 December 2019

2. Accounting policies (continued)

2.4 Significant accounting policies

a) Foreign currency translation

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

b) Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. Had the company amortised goodwill a period of 10 years would have been chosen as the useful life for goodwill. The profit for the year would have been £582,000 lower had goodwill been amortised in the year.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Biomed Central Limited

Notes to the financial statements

at 31 December 2019

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

c) Intangible fixed assets

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Intangible fixed assets, comprising of publishing rights, are amortised over a five year period.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

d) Investments

Investments in subsidiaries, associates and joint ventures are held at historical cost less any applicable provision for impairment.

e) Tangible fixed assets

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs directly attributable to assets under construction and which meet the recognition criteria in IAS 23 are capitalised as part of the cost of that asset.

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis over its expected useful life as follows:

Office equipment	–	3 years
Furniture and fixtures	–	5 years
Software and development	–	3 years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

f) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Work in progress and finished goods -cost of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Biomed Central Limited

Notes to the financial statements

at 31 December 2019

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

g) Trade and other debtors

Trade debtors, which generally have 30 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

h) Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

i) Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

j) Financial assets

Initial recognition and measurement

Financial assets are classified as subsequently measured at Amortised Cost (AC), Fair Value Through Other Comprehensive Income (FVTOCI), and Fair Value Through Profit or Loss (FVTPL). (2017: FVTPL, Loans and Receivables (LAR) or Available for Sale (AFS)). The Company determines the classification of its financial assets at initial recognition.

With the application of IFRS 9, the classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the statement of profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Biomed Central Limited

Notes to the financial statements

at 31 December 2019

In order for a financial asset to be classified and measured at AC or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

j) Financial assets

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

Derecognition

A financial asset is derecognised when one of the following conditions has been fulfilled:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of Financial Assets

The Company recognises an allowance for expected credit losses for all debt instruments not held at FVTPL. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default. If a customer has become insolvent or other circumstances indicate default, the corresponding receivables are written off in full.

For trade receivables, Springer Nature applies a simplified approach in calculating ECLs by recognising a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For LAR, the Company first assessed whether objective evidence of impairment exists individually for financial assets that were individually significant or collectively for financial assets that were not individually significant. If the Company determines that no objective evidence of impairment existed for an individually assessed financial asset, whether significant or not, it has included the asset in a group of financial assets with similar credit risk characteristics and collectively assessed them for impairment. Assets that had been individually assessed for impairment and for which an impairment loss was or continued to be recognised have not been included in a collective assessment of impairment. If there was objective evidence that an impairment loss had been incurred, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows was discounted at the financial asset's original effective interest rate. If a loan had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate.

Biomed Central Limited

Notes to the financial statements

at 31 December 2019

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

k) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings or payables. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, and derivative financial instruments that are not designated as hedging instruments.

Subsequent measurement

Financial liabilities at FVTPL include financial liabilities designated upon initial recognition as at FVTPL. These include derivative financial instruments that are not designated as hedging instruments. Gains or losses from the subsequent measurement are recognised in the statement of profit or loss. After initial recognition, interest-bearing loans and borrowings are subsequently measured at AC using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised, as well as through the effective interest rate amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

l) Revenue recognition

Revenue is recognised based on IFRS 15 - Revenue from contracts with customers. Revenue arises from the provision of products and services under contracts with customers. In all cases, revenue is recognised with fulfilment of the underlying performance obligation at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, and is recognised when the customer obtains control of the goods or services. Revenue is stated at the transaction price, which includes allowance for anticipated discounts and returns and excludes customer sales taxes and other amounts to be collected on behalf of third parties. Where the goods or services promised within a contract are distinct, they are identified as separate performance obligations and are accounted for separately.

The following specific recognition criteria must also be considered before revenue is recognised:

Sale of goods and services

Revenues from the sale of products are recognised when the control of the goods is transferred to the customer, the sales price is determinable and receipt of payment can be assumed. Revenues from the sale of print books, advertisement revenues and other services are recognised when the control of the product is passed to the customer, which is usually the time of delivery for physical products, when the advertisement has been published or the service has been performed. Revenue recognition for these revenue streams is therefore based on the point-in-time concept of IFRS 15. Revenue from sale of print, online periodical subscriptions and other online services is recognised on a pro rata basis over the period of the contract. Revenues from the sale of digital products through digital distribution channels are recognised when the products are downloaded.

Interest income

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Biomed Central Limited

Notes to the financial statements

at 31 December 2019

2. Accounting policies (continued)**2.4 Significant accounting policies (continued)**

m) Pensions

The company operates a defined contribution scheme. Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

3. Turnover

Turnover recognised in the Income statement is as follows:

	2019 £000	2018 £000
Rendering of services	56,770	48,872

Turnover by geographical area:

	2019 £000	2018 £000
USA	8,492	8,187
Germany	1,513	2,016
China	18,754	12,617
United Kingdom	3,532	3,235
Rest of the world	24,479	22,817
	56,770	48,872

4. Operating profit

This is stated after charging/(crediting):

	2019 £000	2018 £000
Cost of stocks recognised as an expense/(credit)	241	(162)
Depreciation and other amounts written off tangible fixed assets	51	71
Amortisation of intangible fixed assets	18	17
Foreign exchange loss/(gain)	1,134	(73)

5. Auditor's remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company.

	2019 £000	2018 £000
Audit of the financial statements	27	28

Biomed Central Limited

Notes to the financial statements

at 31 December 2019

6. Staff costs and directors' remuneration**(a) Staff costs**

	2019	2018
	£000	£000
Wages and salaries	6,105	6,654
Social security	605	655
Pension contributions	385	398
	<u>7,095</u>	<u>7,707</u>

The average monthly number of employees during the year was made up as follows:

	2019	2018
	No.	No.
Sales and marketing	40	52
Administration	12	23
Editorial	112	109
	<u>164</u>	<u>184</u>

(b) Directors' remuneration

	2019	2018
	£000	£000
Directors' remuneration	-	351

The aggregate value of company contributions to defined contribution pension schemes in respect of directors' qualifying services paid or treated as paid during the year was nil (2018 - £36,663). The Directors' remuneration, including pension contributions, relates to the highest paid director.

During 2019 remuneration for the directors of the company was paid for by the fellow group undertakings of the company. The fellow group undertakings have not recharged any amount to the company on the basis that the amount attributable to the company is negligible.

7. Interest receivable and interest payable**(a) Interest receivable and similar income**

	2019	2018
	£000	£000
Interest receivable from group undertakings	4,456	3,826

(b) Interest payable and similar charges

	2019	2018
	£000	£000
Interest payable to group undertakings	20	22

Biomed Central Limited

Notes to the financial statements

at 31 December 2019

8. Tax**(a) Tax charged in the income statement**

	2019 £000	2018 £000
<i>Current income tax:</i>		
UK corporation tax relating to current year	6,269	4,185
UK corporation tax relating to prior year	(183)	31
Total current income tax	6,086	4,216
<i>Deferred tax:</i>		
Origination and reversal of temporary differences	158	64
Adjustment in respect of prior year	26	-
Total deferred tax	184	64
Tax expense in the income statement	6,270	4,280

(b) Reconciliation of the total tax charge

The tax expense in the income statement differs from the standard rate of corporation tax in the UK of 19% (2018 – 19%). The differences are reconciled below:

	2019 £000	2018 £000
Accounting profit before income tax	33,134	22,381
Tax calculated at UK standard rate of corporation tax of 19% (2018 – 19%)	6,295	4,252
<i>Effects of:</i>		
Expenses not deductible for tax purposes	3	4
Current tax adjustment in respect of prior years	(183)	31
Deferred tax adjustment in respect of prior years	26	-
Changes in temporary differences	129	(7)
Total tax expense reported in the income statement	6,270	4,280

(c) Deferred tax

The deferred tax asset included in the balance sheet is as follows:

	2019 £000	2018 £000
Decelerated capital allowances	133	186
Other temporary differences	10	166
	143	352

Biomed Central Limited

Notes to the financial statements

at 31 December 2019

8. Tax (continued)**(d) Factors that may affect future charges**

A reduction in the UK corporation tax rate from 20% to 19% took effect from 1 April 2018. A further reduction in the UK corporation rate to 17% from 1 April 2020 was enacted during the year ended 31 December 2016. The impact of these reductions have been appropriately reflected in these financial statements.

9. Intangible fixed assets

	<i>Goodwill</i>	<i>Publishing rights</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost:			
At 1 January 2019	6,015	426	6,441
Additions	-	10	10
At 31 December 2019	6,015	436	6,451
Amortisation:			
At 1 January 2019	-	404	404
Charge for year	-	18	18
At 31 December 2019	-	422	422
Net book value:			
At 31 December 2019	6,015	14	6,029
Net book value:			
At 1 January 2019	6,015	22	6,037

Biomed Central Limited

Notes to the financial statements

at 31 December 2019

10. Tangible fixed assets

	<i>Office equipment £000</i>	<i>Furniture and fixtures £000</i>	<i>Software and development £000</i>	<i>Total £000</i>
Cost:				
At 1 January 2019	861	54	3,528	4,443
Additions	42	-	-	42
Disposals	(275)	(32)	(14)	(321)
At 31 December 2019	628	22	3,514	4,164
Depreciation:				
At 1 January 2019	812	54	3,521	4,387
Charge for year	51	-	1	52
Disposals	(275)	(32)	(14)	(321)
At 31 December 2019	588	22	3,508	4,118
Net book value:				
At 31 December 2019	40	-	6	46
Net book value:				
At 1 January 2019	49	-	7	56

11. Stocks

	<i>2019 £000</i>	<i>2018 £000</i>
Work in progress	344	585

12. Debtors

	<i>2019 £000</i>	<i>2018 £000</i>
Trade debtors	5,487	5,264
Amounts owed by group undertakings	151,307	110,940
Deferred tax asset (note 8)	143	352
Other debtors and prepayments	62	70
	<u>156,999</u>	<u>116,626</u>

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

Biomed Central Limited

Notes to the financial statements

at 31 December 2019

13. Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	2,300	1,634
Amounts owed to group undertakings	23,636	10,162
Other taxation and social security	593	396
Other creditors	211	182
Accruals	2,064	2,114
Deferred income	8,742	5,049
	<u>37,546</u>	<u>19,537</u>

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

14. Financial instruments

An explanation of the company's financial instrument risk management objectives, policies and strategies are set out in the Directors' report.

Liquidity risk profile of financial assets and liabilities

The table below summarises the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted payments.

Year ended 31 December 2019

	<i>On Demand</i>	<i>Within 1 year</i>	<i>1–5 years</i>	<i>More than</i>	
	£000	£000	£000	5 years	Total
				£000	£000
Financial assets that are debt instruments measured at amortised cost	-	156,856	-	-	156,856
Financial liabilities measured at amortised cost	-	28,211	-	-	28,211

Year ended 31 December 2018

	<i>On Demand</i>	<i>Within 1 year</i>	<i>1–5 years</i>	<i>More than</i>	
	£000	£000	£000	5 years	Total
				£000	£000
Financial assets that are debt instruments measured at amortised cost	-	116,274	-	-	116,274
Financial liabilities measured at amortised cost	-	14,092	-	-	14,092

Biomed Central Limited

Notes to the financial statements

at 31 December 2019

14. Financial instruments (continued)*Foreign currency risk*

Certain amounts owed to and from group undertakings are designated in Euros.

The following table demonstrates the sensitivity to a reasonably possible change in the Sterling against the Euro exchange rate, with all other variables held constant, of the Company's profit before tax (due to foreign exchange translation of monetary assets and liabilities).

	<i>Change in Sterling vs. Euro rate</i>	<i>Effect on profit before tax £000</i>
2019	+10%	(286)
	-10%	286
2018	+10%	(90)
	-10%	90

15. Authorised, issued and called up share capital

		<i>2019</i>		<i>2018</i>
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
Ordinary shares of £0.05 each	16,900,201	845	16,900,201	845
Preference shares of €0.57 each	147,863,640	69,548	147,863,640	69,548

The preference shares are allotted to Springer Nature One Limited, a fellow group undertaking. The shares are non-redeemable with no fixed maturity date and with no contractual obligation to pay fixed dividends. The shares do not carry any voting rights. On a winding up of the company, the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, the amount paid up in respect of such shares as well as any accrued dividends.

16. Related party transactions

The company has taken advantage of the exemption available under paragraph 8(k) of FRS 101 not to disclose transactions with other 100% owned members of the group headed by Springer Nature AG & Co. KGaA.

17. Ultimate group undertaking

At 31 December 2019, the immediate parent of the company was Stampdew Limited.

The directors consider the ultimate parent undertaking and controlling party to be Springer Nature AG & Co. KGaA which is a company incorporated in Germany (registered address: Heidelberger Platz 3, 14197 Berlin, Germany).

Biomed Central Limited

Notes to the financial statements

at 31 December 2019

18. Events after the financial year end

Covid-19

On 11 March 2020, the World Health Organization declared COVID-19 a global pandemic, the UK Government moved to a 'delay' phase on 12 March, announced social distancing measures on 16 March, and unprecedented 'stay at home' restrictions on 23 March. As set out in Note 2, the extent of government and international interventions in response to the Covid-19 pandemic only became apparent after the balance sheet date and represent a non-adjusting post balance sheet event. Given these events are of such significance additional considerations are given for the most significant impacted accounts.

We believe this mainly relates to account receivables, as the recoverability of non-current assets are supported by the long term sustainable nature of the business and its operations and the recoverability of intercompany balances is supported by an assessment made and the reliance given by the parent entity.

Accounts receivable

The Company continues to monitor and assess the impact of Covid-19 on recoverability of accounts receivable; including reviewing Days Sales Outstanding (DSO) and provisioning. Provisioning which is based on a group-wide formula based on the age of the receivable has not increased. DSO days have increased in the year to date period to 30 April 2020 to an average of 21 days (compared to an average of 19 days for financial year 2019) which represents an increase of 2.6 days. Based on the evidence available it is not possible to accurately quantify the impact of Covid-19 as compared to other non-Covid factors. However, before the Covid-19 pandemic it was not unusual for the Company to experience DSO days in this range and the Company does not expect a material impact at this time.