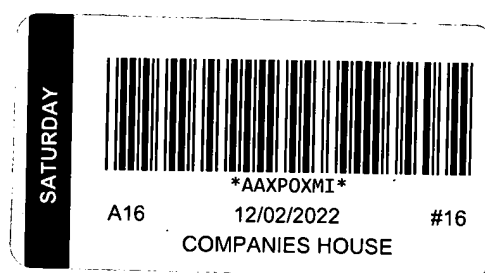


HINDAWI LIMITED

Financial Statements

For the 16-month period ended 30
April 2021



Company Information

Directors	U D'Arcy (appointed 31 December 2020) P Flood C Johnson (appointed 31 December 2020) P Kisray (appointed 31 December 2020) J Kritzmacher (appointed 31 December 2020) A Hindawi (resigned 31 December 2020) P Peters (resigned 31 December 2020) N Abdelmottaleb (resigned 31 December 2020)
Registered number	08671628
Registered office	The Atrium Southern Gate Chichester West Sussex England PO19 8SQ
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG
Bankers	Santander UK plc 2 Triton Square, Regent's Place, London NW1 3AN

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Strategic Report

The directors present their report and the financial statements for the 16-month period ended 30 April 2021.

Strategic Review

The principal activity of the company is the online publication of peer reviewed academic articles in several Open Access Journals owned by the company. The journal portfolio covers science, technology, mathematics and engineering.

Hindawi Limited also provides publishing services for partner companies across all elements of the article submission to publication process.

On 31st December 2020, John Wiley & Sons Limited acquired 100% of the share capital of Hindawi Limited. The Wiley Group is one of the largest publishers in the world, with similar Open Access revenues to Hindawi Limited. The acquisition should not change the principal activities of Hindawi Limited but is expected to accelerate the growth of the business.

When pro-rated to 12 months, revenue increase by 54% from \$25.6m in for the 16-month period ended 30 April 2021:

	16-month period ended 31 April 2021	Pro-rated for 12 months	12-month period ended 31 December 2019	Variance \$	Variance %
Revenue	52,502,616	39,376,962	25,578,746	13,798,216	54%
Gross profit	40,151,980	30,113,985	15,902,486	14,211,499	89%
Profit on ordinary activities before taxation	13,816,554	10,362,416	(499,430)	10,861,846	2175%

Net assets increased by \$6.3m from 2019 to be \$36.8m. This is attributable to the profit for the year. All external loans were cleared as part of the Wiley acquisition, creating an intercompany loan equal to \$10,850,352 with John Wiley & Sons Limited.

The main focus for the business in the 16-month period ended 30 April 2021 was to replace MTS, the publishing platform originally developed by Hindawi Publishing Corporation, with Phenom, which was developed in-house by the development team employed by Hindawi RO SRL. The transition to Phenom took place during 2020 and was completed in September 2020.

Despite initial interruptions to working arrangements, the business has not been impacted significantly by COVID-19, with a growth in revenues and profits. To meet the needs of a growing business, average headcount has increased by 10 employees to 63 employees. The company has not made any use of COVID-19-related support during the period.

Revenue is expected to grow into Financial Year 2022, with constant improvements being made to the Phenom platform to maximise the ease of use and opportunities for authors to publish articles, including cascading articles to alternative journals that are appropriate and plans to continue expanding the portfolio of open access journals.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company are the impact of the COVID-19 pandemic on operations, the impact of worldwide recession, foreign exchange risk between US Dollars and Pounds Sterling, a dependency on the database indexing of the journal portfolio, customer risk in that most of the revenue comes from non-recurring transactions, political risk including disruption to the operations vendors as well as Brexit and IT security risk.

COVID-19: The worldwide COVID-19 pandemic in early 2020 has meant that the employees of Hindawi Limited, Hindawi RO SRL and the employees of Hindawi's third party vendors in India and the Philippines have been placed under restrictions on movement which have forced them to work from home. In the case of Hindawi Limited and Hindawi RO SRL, all employees have work laptops and Hindawi's systems are already set-up to allow employees to work remotely. The overall impact on the business has not been significant to date and there is no expectation that there will be any significant future impact on the business.

Brexit: Britain's exit from the European Union adds a further level of variability to both the UK's future economic performance and the ease with which UK based businesses will be able to trade in European markets. However, the impact of Brexit on academic publishing and the Company are considered to be manageable and there are opportunities as well as risks. Hindawi has a number of mitigating factors including geographical distribution of revenues, revenues being charged in US Dollars and the strength of relationships with authors, editors and institutions ensuring a solid, on-going demand for our services.

Currency Risk: The majority of Hindawi's business is conducted in US Dollars including revenue collection and all external vendor invoices. All the debt against the Company is in US Dollars. Currency risk arises around funding the Pounds Sterling costs of the UK office and payroll. Hindawi closely monitors the exchange movements between US Dollars and Pounds Sterling.

Database Listing Risk: Many customers are influenced to publish in journals which are listed in certain databases. Hindawi does not control whether their journals are listed or not. However, by maintaining strong ethics and editorial standards including checks for things such as plagiarism, citation stacking or self-citation, as well as working with organisations such as Clarivate Analytics, Hindawi is able to manage the level of risk in this area to a minimum.

Customer Risk: Most revenues come from individual submissions of manuscripts to one of the Hindawi journals, and as such there is no ongoing contractual revenue stream that the Company can rely on. To mitigate this, Hindawi maintains strong relationships with researcher and editorial communities, research institutions, industry organisations and similar bodies, which allows Hindawi to anticipate and adapt to changes in the scholarly publishing landscape which might otherwise impact our commercial performance. Also, by continuing to maintain high ethical and editorial standards and by ensuring that the journals retain their indexing in certain databases, the positive perception of the researcher community is expected to ensure healthy submission flows to the journals.

Regulation Risk: Regulation plays a significant role in creating the demand for Hindawi's services as national and international bodies increasingly mandate that the research they have funded is published in open access journals. There is a risk, however, that these bodies could also change regulations in a way that would be disadvantageous to Hindawi's journal portfolio, such as imposing caps on APC funding or restricting their researchers to publish only in domestic journals. Hindawi continues to monitor these bodies to keep abreast of any proposed changes and, where the risk is considered significant, mitigates this risk by adapting or diversifying our commercial offering to better fit the proposed changes.

IT security risk: the Company constantly monitors the IT environment. Staff are encouraged to be vigilant and are regularly updated on new potential IT threats and how to mitigate these risks. The journal content and systems are stored with a leading cloud storage provider which provides appropriate security around the content that they manage.

This report was approved by the board and signed on its behalf.

Ursula D'Arcy

Ursula D'Arcy
Global Statutory Controller
28/1/2022

Directors' Report

The directors present their report and the financial statements for the 16-month period ended 30 April 2021.

Directors

The directors who served during the year were:

U D'Arcy (appointed 31 December 2020)
P Flood
C Johnson (appointed 31 December 2020)
P Kisray (appointed 31 December 2020)
J Kritzmacher (appointed 31 December 2020)
A Hindawi (resigned 31 December 2020)
P Peters (resigned 31 December 2020)
N Abdelmottaleb (resigned 31 December 2020)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors confirm that:

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

To the best of our knowledge:

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

Post Balance Sheet Events

There are no post balance sheet events to report.

Going Concern

After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Weekly review of cash flow forecasts and scenario stress-testing demonstrates to management that even with a significant negative event, such as loss of a vendor or a material drop in revenue, the company would remain solvent for the foreseeable future. Note that the impact of COVID-19 on the company has been minimal.

Dividends

A dividend of \$4,000,000 was paid to John Wiley & Sons Limited during April 2021. No further dividend was proposed during the financial year.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Ursula D'Arcy
Global Statutory Controller
28/1/2022

Independent auditor's report to the members of Hindawi Limited

Opinion

We have audited the financial statements of Hindawi Limited (the 'company') for the period from 1 January 2020 to 30 April 2021, which comprise Statement of Comprehensive Income, Statement of Financial Position, Cash Flow Statement and 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 30 April 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We understood how the entity is complying with legal and regulatory frameworks by making enquiries of management and those charged with governance. We corroborated our enquiries through review of legal expenses incurred during the year.
- To gain an understanding of legal and regulatory requirements specific to the entity we made enquiries with management.
- The entity is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures within the financial statements. We identified the following laws as most likely to have a material effect if non-compliance were to occur; financial reporting legislation, distributable profit legislation, tax legislation, health and safety, anti-bribery legislation employment law and General Data Protection Regulation (GDPR) legislation.
- We assessed the susceptibility of the entities financial statements to material misstatement including how fraud might occur, by evaluating managements incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls.


We determined the principal risks were in relation to:

- Journal entries;
 - Potential management bias in determining accounting estimates and impairment reviews of non-current assets;
 - Capitalisation of internally generated intangible assets;
 - Revenue recognition.
- Our audit procedures involved:
 - Journal entry testing, with a focus on material entries, intercompany or related party entries, transactions around the period end date and post year end entries;
 - Reviewed management's impairment assessments, challenging assumptions and judgements made and corroborating responses;
 - Testing of amounts capitalised in respect of internally generated capital assets and challenging the nature of these transactions;

- Gaining an understanding of controls in place around revenue recognition, selecting a sample of revenue transactions and agreeing them to supporting documentation.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting standards.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation.
 - Knowledge of the industry in which the client operates
 - Understanding of the legal and regulatory requirements specific to the entity including:
 - The provisions of applicable legislation
 - The regulations and related guidance including guidance issues by relevant authorities that interprets those rules
 - The applicable statutory provisions.
- No matters of non-compliance with laws and regulations and fraud were communicated to the engagement team.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Sergio Cardoso
 Senior Statutory Auditor
 for and on behalf of Grant Thornton UK LLP
 Statutory Auditor, Chartered Accountants
 London
 28/1/2022

HINDAWI LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the 16-month period ended 30 April 2021

	Note	16-month period 2021	12 months 2019
		\$	\$
Turnover	5	52,502,616	25,578,746
Cost of Sales		<u>(12,350,636)</u>	<u>(9,676,260)</u>
Gross Profit		40,151,980	15,902,486
Administrative expenses	6	<u>(26,365,696)</u>	<u>(16,401,916)</u>
Profit on ordinary activities before taxation	7	13,786,284	(499,430)
Interest Receivable and Similar Income	17	13,416	935
Interest Payable and Similar Charges	17	(299,140)	(127,067)
Gain / (Loss) on Derivatives	16	<u>369,655</u>	<u>158,451</u>
		13,900,485	(467,111)
Tax on profit on ordinary activities	9	<u>(3,037,884)</u>	<u>(346,725)</u>
Profit for the financial year		<u>10,862,601</u>	<u>(813,836)</u>
Translation of Foreign Subsidiary		-	-
Total comprehensive income for the financial year		<u>10,862,601</u>	<u>(813,836)</u>
Total comprehensive income for the financial year attributable to:			
Owners of the parent		<u>10,862,601</u>	<u>(771,006)</u>

HINDAWI LIMITED

STATEMENT OF FINANCIAL POSITION

As at 30 April 2021

	Note	16-month period 2021	12 months (Restated) 2019
		\$	\$
Fixed assets			
Intangible Assets	11	48,068,006	51,820,019
Tangible Assets	12	645,592	878,564
Investments in Subsidiaries	13	12,459	12,459
		<u>48,726,057</u>	<u>52,711,042</u>
Current assets			
Debtors	14	3,621,675	27,859,168
Cash at bank and in hand		3,464,790	1,113,940
		<u>7,086,465</u>	<u>28,973,108</u>
Creditors: falling due within one year	15	<u>(18,258,058)</u>	<u>(50,747,852)</u>
Net current assets		<u>(11,171,593)</u>	<u>(21,774,743)</u>
Total assets less current liabilities		37,554,464	30,936,299
Creditors: falling due after one year	15	(0)	(384,409)
Provisions for liabilities	18	(188,869)	(48,896)
Net assets		<u>37,365,595</u>	<u>30,502,994</u>
Capital and reserves			
Called up share capital	19	10	10,010,000
Share premium account		0	16,000,000
Translation reserve		113,274	113,274
Profit and loss account		37,252,312	4,379,720
		<u>37,365,596</u>	<u>30,502,994</u>

The financial statements were approved by the Board of Directors on 28 January 2022.

Signed on behalf of the board of directors:

Ursula D'Arcy

Ursula D'Arcy
Global Statutory Controller

Company registration no: 08671628

HINDAWI LIMITED

CASH FLOW STATEMENT

For the 16-month period ended 30 April 2021

	Note	16-month period 2021	12 months 2019
		\$	\$
Cash flows from operating activities			
Profit/(Loss) for the financial year before tax		<u>13,900,485</u>	<u>(467,111)</u>
Adjustments for:			
Amortisation of intangible assets		6,153,738	4,447,284
Depreciation of tangible assets		304,138	91,661
(Gain)/Loss from the sale of assets		-	3,772
Interest charges		285,787	126,140
(Increase) in trade and other debtors		(625,497)	128,533
Increase/(decrease) in trade creditors		<u>(2,817,208)</u>	<u>1,079,515</u>
Cash from operations		<u>3,300,958</u>	<u>6,035,356</u>
Net cash generated from operating activities		<u>17,201,443</u>	<u>5,409,794</u>
Cash flows from investing activities			
Proceeds from sale of tangible assets		-	129
Purchases of tangible assets		(71,166)	(819,391)
Purchases of intangible assets		<u>(2,401,727)</u>	<u>(2,424,503)</u>
Shares in Subsidiaries		-	(12,459)
Net cash from investing activities		<u>(2,472,893)</u>	<u>(3,256,224)</u>
Cash flows from financing activities			
Issue of A2 ordinary share capital		-	488
Cancellation of A2 ordinary share capital		-	(23)
Increase/(Decrease) in Amounts Due from Shareholders		26,000,072	(148)
Increase/(Decrease) in Bank Loans		<u>(4,600,408)</u>	<u>4,600,408</u>
Bank Loans Interest Payments and Fees		(204,614)	(127,067)
Increase/(Decrease) in Loans to Subsidiaries		(613,369)	(113,855)
Increase/(Decrease) in Loans from Parent Undertakings		10,850,352	-
Increase/(Decrease) in Loans from Associated Companies		<u>(38,007,142)</u>	<u>(5,642,858)</u>
Dividends Paid		<u>(4,000,000)</u>	<u>-</u>
Increase/(Decrease) in Directors Loans		<u>(1,802,591)</u>	<u>(1,099,846)</u>
Net cash used in financing activities		<u>(12,377,700)</u>	<u>(2,382,901)</u>
Net increase in cash and cash equivalents		<u>2,350,850</u>	<u>(229,331)</u>
Cash and cash equivalents at the beginning of year		<u>1,113,940</u>	<u>1,343,271</u>
Cash and cash equivalents at end of year		<u><u>3,464,790</u></u>	<u><u>1,113,940</u></u>

HINDAWI LIMITED

STATEMENT OF CHANGES IN EQUITY

As at 30 April 2021

	Called-up share capital	Share premium account	Profit and loss account	Translation reserve	Total
	\$	\$	\$	\$	\$
At 1 January 2019	10,009,535	16,000,000	5,193,556	113,274	31,316,365
Profit and total comprehensive income for the year	-	-	(813,836)	-	(813,836)
Issue of A2 ordinary shares	488	-	-	-	488
Cancellation of A2 ordinary shares	(23)	-	-	-	(23)
At 31 December 2019	10,010,000	16,000,000	4,379,720	113,274	30,502,994
Profit and total comprehensive income for the year	-	-	10,862,601	-	10,862,601
Dividend Paid	-	-	(4,000,000)	-	(4,000,000)
Reduction of ordinary shares	(9,999,990)	(16,000,000)	25,999,990	-	-
Cancellation of A1 ordinary shares	(7,500)	-	7,500	-	-
Cancellation of A2 ordinary shares	(2,500)	-	2,500	-	-
At 30 April 2021	10	-	37,252,312	113,274	37,365,595

HINDAWI LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 16-month period ended 30 April 2021

1 Company information

The company is Limited Liability incorporated in the United Kingdom. The registered office is The Atrium, Southern Gate, Chichester, West Sussex, England, PO19 8SQ.

The principal activity of the company is the online publication of peer reviewed academic articles in a number of Open Access Journals owned by the company. The journal portfolio covers science, technology, mathematics and engineering.

Hindawi Limited also provides publishing services for partner companies across all elements of the article submission to publication process.

2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in US Dollars (\$).

In order to align accounting periods with John Wiley & Sons Limited, the acquirer of Hindawi limited on 31 December 2020, the accounting period for Hindawi Limited has been extended to a 16-month period ending 30 April 2021. As a result, the comparative results are not entirely comparable since the accounting periods differ in length.

Consolidation

The company is a wholly owned subsidiary of John Wiley & Sons Limited and of its ultimate parent, John Wiley & Sons, Inc. It is included in the consolidated financial statements of John Wiley & Sons, Inc which are publicly available. The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is John Wiley & Sons Inc. The address of the parent's registered office is 111 River Street, Hoboken, NJ 07030.

These financial statements are the company's separate financial statements.

Going concern

After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

HINDAWI LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 16-month period ended 30 April 2021

3 Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

- Book value of the intangible assets: Management's assumption is that the focus of the business is to develop the Hindawi brand and the portfolio of the journals owned by Hindawi Limited. As such at the balance sheet date, management's view is that there has been no impairment against the cost value.

Carrying values at 30 April 2021 were:

- Journal Titles \$42,371,641
- Brand, Domain Names and Trade Marks \$711,866
- Computer Software \$44,490
- Phenom Development \$4,940,009

The Brand, Domain Names and Trade Marks carrying value of \$802,565 correspond to the carrying value of brand, domain names and trademarks acquired from Hindawi Publishing Corporation by Hindawi Limited on 31st December 2016.

- Impairments and provisions for doubtful debtors: Management makes judgements in considering the recoverability of debtors based on analysis of historic recoverability. To do this, management consider ageing of debt, the impact of COVID-19, and access to funds. Invoices that are over 200 days overdue are considered irrecoverable and are impaired.

For the 16-month period ended 30 April 2021, Hindawi Limited impaired \$299k of trade debtors and increased provisions for doubtful debtors by \$54k. At 30 April 2021, Hindawi Limited holds a provision of \$97k for doubtful debtors.

HINDAWI LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 16-month period ended 30 April 2021

4 Principal accounting policies

4.1 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- | | |
|--------------------------------------|----------|
| - Journal Titles | 15 years |
| - Brand, Domain names and Trademarks | 15 years |
| - Computer Software | 3 years |
| - Phenom Development | 5 years |
| - Other Intangibles | 3 years |

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

If the net fair value of the identifiable assets and liabilities acquired exceeds the cost of a business combination, the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in profit or loss in the periods expected to be benefitted.

4.2 Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

- | | |
|--------------------------|-------------------|
| - Leasehold improvements | 20% Straight Line |
| - Fixtures and fittings | 25% Straight Line |
| - Computer equipment | 33% Straight Line |

4.3 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

HINDAWI LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 16-month period ended 30 April 2021

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

4.5 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

4.6 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

4.7 Provisions for liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

HINDAWI LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 16-month period ended 30 April 2021

4.8 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.9 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

Article Processing Charges (APCs)

Turnover from article processing charges is recognised at the point of article publication when the customer has received full delivery of the services.

Printed Copy Subscriptions and Article Reprints

Subscriptions taken on an annual basis are recognised on a straight line basis across each month of the year the subscription relates to. Reprints of Articles are recognised on delivery of the article reprint.

HINDAWI LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 16-month period ended 30 April 2021

Institutional Memberships

These fees relate to annual memberships taken by institutions allowing their members to publish articles with no additional charge or with a discount to the standard article processing charge. This turnover is recognised on a straight line basis across each month of the year the subscription relates to.

Publishing Services

Revenue from publishing services provided to other publishers is recognised in the same way as article processing charges: at the point of article publication when the customer has received full delivery of the services.

Other Revenue

Revenue is recognised at the point delivery of the goods or service, or in some cases at the point of invoicing following a reconciliation against chargeable service volumes.

4.10 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

4.11 Foreign currency translation**Functional currency and presentation currency**

The financial statements are presented in the currency of the primary economic environment in which the Group and Company operates (its functional currency). For the purpose of the financial statements, the results and financial position are presented in US Dollars (\$).

Transactions and balances

In preparing the financial statements, transactions in currencies other than the functional currency of the Group and Company (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

HINDAWI LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 16-month period ended 30 April 2021

5 Turnover

Turnover analysed geographically between markets, was as follows:

	2021	2019
	\$	\$
Asia	44,751,005	18,274,255
Europe	3,483,817	3,621,795
North America	784,190	1,682,335
South America	704,988	672,806
Africa	666,129	380,680
Rest of the World	2,112,487	946,875
	<u>52,502,616</u>	<u>25,578,746</u>

Turnover analysed by category, was as follows:

	2021	2019
	\$	\$
Article Processing Charges	51,806,899	24,927,397
Institutional Memberships	9,675	184,332
Printed Copy Subscriptions and Article Reprints	348,207	302,963
Publishing Services	287,408	99,360
Other Revenue	50,427	64,694
	<u>52,502,616</u>	<u>25,578,746</u>

6 Administrative Expenses

Administrative expenses include the following material one-off expenses:

	2021	2019
	\$	\$
Sales Process Professional Fees	1,802,550	-
Cairo Closure Costs	-	2,672,498
Investment Professional Fees	-	335,808
	<u>1,802,550</u>	<u>3,008,306</u>

Sales Process Professional Fees are the fees incurred by Hindawi Limited in relation to the sale the business to John Wiley & Sons Limited.

HINDAWI LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 16-month period ended 30 April 2021

7 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	2021 \$	2019 \$
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the company's annual accounts	72,103	48,869
Fees payable to the company's auditor and its associates for other services:		
Tax compliance services	7,804	6,670
Tax advisory services	9,105	15,145
Total services relating to taxation	<u>16,909</u>	<u>21,815</u>
Total	<u><u>89,012</u></u>	<u><u>55,147</u></u>
Foreign exchange (gains)/losses	(112,436)	239,012
(Profit)/Loss from the sale of fixed assets	-	3,772
Other operating lease rentals	809,523	545,784

HINDAWI LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 16-month period ended 30 April 2021

8 Directors and employees

Staff costs for during the year (before capitalisation) were as follows:

	2021	2019
	\$	\$
Wages, salaries and bonuses	7,408,284	4,021,635
Social security costs	870,154	472,855
Other pension costs	499,185	274,291
	<u>8,777,623</u>	<u>4,404,476</u>

The company operates a defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pensions provider. Pension payments recognised as an expense during the year amount to \$499,185 (2019: \$274,291).

The average number of employees of the Company during the year were:

	2021	2019
	Number	Number
Management & Administration	14	12
Commercial, Editorial & Journal Development	20	10
Publishing, Partnerships & Operations	24	25
Product & Technology	5	6
	<u>63</u>	<u>53</u>

Remuneration in respect of directors of the Company was as follows:

	2021	2019
	\$	\$
Emoluments	744,408	630,312
Pension contributions to money purchase pension schemes	36,038	23,597
	<u>780,446</u>	<u>653,909</u>

During the year 1 director (2019: 1) participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2021	2019
	\$	\$
Emoluments	514,182	484,219
	<u>514,182</u>	<u>484,219</u>

HINDAWI LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 16-month period ended 30 April 2021

9 Group tax on profit on ordinary activities

The tax charge is based on the profit for the year and represents:

	2021	2019
	\$	\$
UK Corporation Tax	2,589,352	848
UK Corporation Tax: adjustment in respect of prior periods	(355)	7,268
Total current tax	2,588,997	8,116
Deferred taxation: origination and reversal of timing differences	443,410	329,961
Deferred taxation: adjustments in respect of prior periods	(1)	8,648
Effect of tax rate change on opening balance	5,478	-
Tax on results on ordinary activities	<u>3,037,884</u>	<u>346,725</u>

The tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom at 19.00% (2019: 19%). The differences are explained as follows:

Profit on ordinary activities before tax	<u>13,900,485</u>	<u>(467,111)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2019: 19%)	2,641,092	(88,751)
Income not taxable for tax purposes	-	(6)
Adjustments to brought forward values	-	(7,463)
Remeasurement of deferred tax for changes in tax rates	5,478	
Expenses not deductible for tax purposes	80,064	299,793
Adjustments to tax charge in respect of previous periods – current tax	(513)	(6,002)
Adjustments to tax charge in respect of previous periods – deferred tax	(1)	8,648
Fixed asset amortisation not deductible for tax purposes	251,842	166,075
Adjust closing deferred tax to average rate of 19% (2019: 19%)	-	(5,478)
Adjust opening deferred tax to average rate of 19% (2019: 19%)	-	(33,340)
Current tax (prior period) exchange difference arising on movements between opening and closing spot rates	158	13,270
Current tax (current period) exchange difference arising on movements between opening and closing spot rates	59,764	(21)
Tax on results on ordinary activities	<u>3,037,884</u>	<u>346,725</u>

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is \$3,027,490 (2019: \$346,725).

10 Deferred taxation for Group and Company

Deferred taxation provided for at 19.00% (2019: 19.00%) in the financial statements is set out below:

	2021	2019
	\$	\$
Accelerated capital allowance	613,992	(287,782)
Short term timing differences	23,104	17,065
Tax losses carried forward	(141,642)	224,150
	<u>495,454</u>	<u>(46,567)</u>

11 Intangible fixed assets

	Journal Titles \$	Brand, Domain Names and Trademarks \$	Computer Software \$	Phenom Development \$	Total \$
<u>Cost</u>					
At 1 January 2020	59,764,305	1,001,887	1,210,172	3,197,088	65,173,452
Additions	-	-	-	2,401,727	2,401,726
At 30 April 2021	<u>59,764,305</u>	<u>1,001,887</u>	<u>1,210,172</u>	<u>5,598,815</u>	<u>67,575,178</u>
<u>Depreciation and impairment</u>					
At 1 January 2020	12,080,281	200,880	1,072,272	-	13,353,433
Charge for the year	5,312,382	89,141	93,410	658,806	6,153,739
At 30 April 2021	<u>17,392,663</u>	<u>290,021</u>	<u>1,165,682</u>	<u>658,806</u>	<u>19,507,172</u>
Net book amount at 30 April 2021	<u>42,371,641</u>	<u>711,866</u>	<u>44,490</u>	<u>4,940,009</u>	<u>48,068,006</u>
Net book amount at 31 December 2019	<u>47,684,024</u>	<u>801,007</u>	<u>137,900</u>	<u>3,197,088</u>	<u>51,820,019</u>

12 Tangible fixed assets

	Leasehold Improvements \$	Fixtures and Fittings \$	Computer Equipment \$	Total \$
<u>Cost</u>				
At 1 January 2020	812,023	124,965	143,875	1,080,863
Additions	2,343	16,664	52,150	71,165
Disposals	-	-	-	-
At 30 April 2020	814,366	141,629	196,025	1,152,028
<u>Depreciation</u>				
At 1 January 2020	64,060	50,593	87,646	202,299
Provided in the year	217,126	37,994	49,018	304,138
Disposals	-	-	-	-
At 30 April 2020	281,186	88,587	136,664	506,437
Net book amount at 30 April 2021	533,180	53,042	59,361	645,592
Net book amount at 31 December 2019	747,963	74,372	56,229	878,564

13 Investments in Subsidiaries

On 8th March 2019, Hindawi RO SRL, a 100% owned subsidiary of Hindawi Limited was incorporated in Iasi, Romania with share capital of 50,000 Romanian new lei (\$12,459 on the date of the transaction). Hindawi RO SRL provides exclusive software development services to Hindawi Limited, with all monthly operating expenses billed with a 10% mark-up at the end of the month which is in line with transfer pricing policies for similar companies in Romania. The address of Hindawi RO SRL is Piata Voievozilor, nr. 10, Iasi, Romania.

14 Debtors

	2021	2019
	\$	\$
Trade debtors	924,644	461,864
Amounts due from Shareholders	-	25,999,937
Amounts due from Directors	-	27,447
Rent deposit	222,968	232,845
Value Added Tax	32,358	105,050
Other debtors	16,707	16,316
Deferred Tax Asset	495,454	(46,567)
Prepayments and accrued income	1,188,039	742,475
Intercompany loan and interest	741,505	114,782
Short-term derivative asset	-	158,451
	<u>3,621,675</u>	<u>27,812,600</u>

An impairment loss of \$299k (2019: \$Nil) was recognised against trade debtors.

15 Creditors: amounts falling due within one year

	2021	2019 (Restated)
	\$	\$
Loan Facility	-	4,000,000
Asset Finance Facility	-	215,999
Trade creditors	1,072,681	2,119,270
Amounts owed to associated undertakings	249,119	38,007,142
Amounts owed to parent undertaking	11,805,162	-
Corporation Tax	1,386,717	(18,252)
Taxation and social security	132,694	259,389
Amounts owed to Directors	-	1,802,591
Deferred revenue	2,170,480	3,135,803
Other creditors	80,566	95,834
Accruals	873,998	1,083,507
	<u>18,258,058</u>	<u>50,701,285</u>

Amounts owed to parent undertakings is primarily an intercompany loan arising on acquisition and the interest accrued relating to this loan. See note 16 for details of this loan.

16 Financial Instruments

Intercompany Loan Payable - John Wiley & Sons Limited

As part of the acquisition of Hindawi Limited, John Wiley & Sons Limited cleared down all external loan/credit arrangements: a \$6m Loan Facility, a £0.5m Asset Finance Facility, and several Foreign Exchange Forward Contracts, all with Santander plc, and a loan from Hindawi Publishing Corporation, of \$29m (2019: \$38m) that arose on the acquisition of intangible assets on 31 December 2016.

This created an intercompany loan equal to \$10,850,392. The intercompany loan has incurred interest charges of \$94,524 in 2021 at an interest rate equal to 12-month LIBOR + 2.25%. Management expects to have settled this loan fully during Financial Year 2022.

Intercompany Loan Receivable - Hindawi RO SRL

Hindawi Limited loaned Hindawi RO SRL €100,000 in 2019 as two separate loans of €50,000 and a further €500,000 in 2020 as two separate loans of €200,000 and €300,000 to provide the working capital for the set-up and expansion of operations. The total outstanding loan balance is \$727,224 (€600,000) at 30 April 2021. These intercompany loans bear interest at a rate of Euro LIBOR + 2% and in the 16-month period to 30 April 2021 they accrued interest of \$14,281 (€10,129).

	2021	2019
	\$	\$
Financial assets		
Financial assets measured at fair value through profit and loss	3,464,790	1,272,391
Financial assets that are debt instruments measured at amortised cost	1,905,824	26,853,191
	<u>5,370,614</u>	<u>28,125,582</u>
Financial liabilities		
Financial liabilities measured at fair value through profit and loss	-	-
Financial liabilities measured at amortised cost	13,702,982	46,625,245
	<u>13,702,982</u>	<u>46,625,245</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand and short-term derivative assets (forward exchange contracts).

Financial assets measured at amortised cost comprise amounts owed by shareholders, amounts owed by directors, amounts owed by associated undertakings, rent deposits, intercompany loans, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, asset finance facilities, amounts owed to directors, amounts owed to associated undertakings, trade creditors and other creditors.

17 Net interest expense

	2021	2019
	\$	\$
Interest Receivable and Similar Income		
Interest on loans to subsidiary undertakings	13,354	927
Other interest receivable	62	8
Total Interest Receivable and Similar Income	<u>13,416</u>	<u>935</u>
Interest Payable and Similar Charges		
Interest on Bank borrowings	204,616	127,067
Interest on borrowings from Parent Undertakings	94,524	-
Total Interest Payable and Similar Charges	<u>299,140</u>	<u>127,067</u>
Net interest expense		
Interest Receivable and Similar Income	13,416	935
Interest Payable and Similar Charges	<u>(299,140)</u>	<u>(127,067)</u>
Net interest expense	<u>(285,724)</u>	<u>(126,132)</u>

18 Provisions for liabilities

	Leave pay \$
At 1 January 2019	48,896
Additions	139,973
At 31 December 2019	<u>188,869</u>

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

19 Called up share capital

	2021	2019
	\$	\$
Authorised, allotted and fully paid:		
10 Ordinary shares of \$1 each (2019: 9,999,999)	10	10,000,000
Nil A1 Ordinary Shares of \$0.01 each (2019: 750,000)	-	7,500
Nil A2 Ordinary Shares of \$0.01 each (2019: 250,000)	-	2,500
	<u>10</u>	<u>10,010,000</u>

Ordinary shares

	2021 Number
At 1 January 2020	10,000,000
Share reduction	(9,999,990)
At 30 April 2021	<u>10</u>

A1 Ordinary shares

	2021 Number
At 1 January 2020	750,000
Share cancellation	(750,000)
At 30 April 2021	<u>-</u>

A2 Ordinary shares

	2021 Number
At 1 January 2020	250,000
Share cancellation	(250,000)
At 30 April 2021	<u>-</u>

On 31 December 2020, John Wiley & Sons Limited purchased 100% of the share capital of Hindawi Limited. On 23 March 2021, a resolution was made to reduce the 10,000,000 ordinary shares to 10 ordinary shares (nominal value \$10) and to cancel and extinguish the A1 and A2 ordinary shares with the capital being credited to the P&L reserve.

20 Leasing commitments

Hindawi Limited signed a variation of deeds on 30th April 2021 for the office space on the 3rd and 4th Floors of the current office building at a total value of £547,443 per year. These leases will run until 27th November 2026.

The variations included a 1/6th reduction in rent for the 4-year period from 27th November 2021 to 27th November 2025. Rent of £824,046 was paid in the 16-month period ended 30 April 2021.

Based on the 30th April 2021 exchange rate of 1.38845, Hindawi Limited's future minimum operating lease payments as at 30th April 2021 are as follows:

	2021	2019
	\$	\$
Within one year	686,199	718,675
Between one and five years	2,607,556	2,905,280
More than five years	<u>316,707</u>	<u>1,218,847</u>

21 Transactions with related parties

See note 8 for disclosure of the directors' remuneration and key management compensation.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the John Wiley & Sons Inc group.

22 Financial risk management

The company has exposures to two main areas of risk - foreign exchange currency exposure, and customer credit exposure.

Foreign exchange transactional currency exposure

The revenue of the Company is collected in US Dollars. The cost base of the London office is in Sterling Pounds. The Company closely monitors the rate of exchange between the two currencies, however exposure is now managed within the Wiley Group as foreign currency trades are made with John Wiley & Sons Ltd, the parent of Hindawi.

Customer credit exposure

The receivables of the Company are a high volume of low value transactions, generally between \$650 and \$2,400. The Company does see some issue with non-payment, which has increased with COVID-19. However, non-payment remains generally low and there are no individual defaults by a customer that are material. A team is in place that communicates regularly with the authors and generally payments for articles are made relatively quickly following article acceptance. Non-paying customers are not allowed to publish future articles with the Company before settling any previously written off debt.

23 Ultimate Parent Undertaking and Controlling Party

The immediate parent undertaking is John Wiley & Sons Limited.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is John Wiley & Sons, Inc. Copies of the John Wiley & Sons, Inc. consolidated financial statements can be obtained from the VP of Investor Relations at 111 River Street, Hoboken, NJ 07030.

24 Post balance sheet events

There were no material post balance sheet events.