

Company Registration No. 01017514

SAGE Publications Limited

Annual Report and Financial Statements

for the 52 week period ending 26 December 2015

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SAGE Publications Limited

Annual report and financial statements for the 52 week period ending 26 December 2015

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SAGE Publications Limited

Annual report and financial statements for the 52 week period ending 26 December 2015

Officers and professional advisors

Executive Directors

J S Barr
P J Denvir
R Fidczuk
A J Histed
C R Irwin
K Jackson
Z P Marar
J I Makoff
D D McCune
D McCune
S Miller McCune
C D Parry
K J Phillips
B Simqu
R R Thame

Company Secretary

K Jackson

Registered office

1 Oliver's Yard
55 City Road
London
EC1Y 1SP

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

SAGE Publications Limited

Strategic Report

Strategic Review

SAGE Publications Limited is a wholly owned subsidiary of SAGE Publications Inc., a Company incorporated in the U.S.A. The principal activity of the Company and Group is the publication and distribution of academic and professional books and journals in social science, humanities, science, technology and medicine. All related undertakings affecting the profits of the Group are listed in note 23.

Globally SAGE publishes over 800 new textbooks, handbooks and reference works and more than 900 journal titles per year. The Group monitors its activities using key performance indicators such as revenue, gross profit, operating profit, cash flow, cash collected, staff numbers, numbers of books and journals published and journal subscription and usage.

Turnover increased from £105.0m for the 52 week period ending 27 December 2014 to £111.7m for the 52 week period ending 26 December 2015. The increase in revenue was driven by both organic growth and the successful integration of recent journals business acquisitions including Pion Limited, which was a substantial acquisition including 5 outstanding, mature subscription journals. The pre-tax profit for the period ending 26 December 2015 was £10.4m (2014: £10.9m). Pre-tax profits have decreased in 2015 as a result of the continued targeted investment in new product innovation which, alongside effective cost management and the acquisition of business assets providing a strong strategic fit, will support the continued future success of the Group. A dividend of £nil was paid to the Parent company in 2015 (2014: £3.6m) which represents £nil per share (2014: representing £7,084 per share).

The Group's fixed assets increased by £8.4m to £67.4m on 26 December 2015, primarily as a result of business acquisitions made during the course of the year. The Group cash balances decreased by only £4.2m to £17.9m demonstrating the strong cash generation achieved by the business. The Group's net assets including pension liability increased £7m to end 2015 at £60.3m.

The directors consider the future prospects of the Group to be positive considering the current economic climate.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group are the general uncertainty of the economic climate and pressures on academic funding. SAGE has a number of mitigating factors including its geographical reach, its continued acquisition of new content and the strength of its many relationships with authors, editors and societies.

The Group's activities expose it to a number of financial risks as follows.

The Group's activities expose it to the financial risks of changes in foreign currency rates from the sale of books and journals overseas. The journals business is subject to the normal risk of annual renewals for a subscription based business and the books business is subject to the general market conditions in its markets.

The Group's principal financial assets are bank balances, cash, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The Group has no significant concentration of credit risk with exposure over a number of customers.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing future development the Group has access to a mixture of long-term and short-term debt finance and loan funding from the Parent Company.

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



J S Barr
Director

13 May 2016

SAGE Publications Limited

Directors' report

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report for the 52 week period ending 26 December 2015.

Going Concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the going concern basis can be found in Note 1 to the financial statements.

Directors

The directors of the Group who served throughout the year, except as noted, were as follows:

Executive Directors

J S Barr
P J Denvir
R Fidczuk
A J Histed
C R Irwin
K Jackson
Z P Marar
J I Makoff
D D McCune
D McCune
S Miller McCune
C D Parry
K R Phillips
B Simqu
R R Thame

Dividends

The Group has disclosed information on the payment of dividends in the Strategic Report in accordance with s414c(11) of the Companies Act 2006.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings and the Company magazine. There is an employee consultative group which is elected by staff. Employee representatives are consulted regularly on a wide range of matters affecting current and future issues. In addition employees receive an annual bonus related to the overall profitability of the Company and its subsidiaries.

Disabled employees

It is the policy of the Group and the Company to consider skills and aptitudes of disabled persons fully and fairly at all times in recruitment, career development, training and promotion. In pursuing this policy and having special concern for employees who become disabled, all practical measures are taken to ensure that disabled persons are placed in jobs suited to their individual circumstances.

SAGE Publications Limited

Directors' report

Environment

SAGE Publications Limited takes its environmental responsibilities seriously and has been actively engaged in a number of activities to reduce the environmental impact of its publishing. All SAGE publications are printed on pulp from sustainable resources and SAGE is a founding member of PREPS (Publishers' Database for Responsible Environmental Paper Sourcing).

Charitable donations

During the year the Group made charitable donations of £243,517 (2014: £202,758).

Auditor

Each of the persons who are directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The directors will place a resolution before the Annual General Meeting to reappoint Deloitte LLP as auditor for the forthcoming year.

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



J S Barr
Director

13 May 2016

SAGE Publications Limited

Directors' responsibility statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SAGE Publications Limited

Independent auditor's report to members of SAGE Publications Limited

We have audited the financial statements of SAGE Publications Limited for the 52 week period ending 26 December 2015 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 26 December 2015 and of the group's profit for the 52 week 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Sarah Shillingford

Sarah Shillingford (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK.

13th May

2016

SAGE Publications Limited

Consolidated profit and loss account For the period ending 26th December 2015

	Notes	2015 52 weeks £'000	2014 52 weeks £'000
Turnover	2	111,665	104,996
Cost of sales		<u>(41,599)</u>	<u>(40,496)</u>
Gross profit		70,066	64,500
Distribution costs		(2,716)	(3,048)
Administrative expenses		<u>(56,774)</u>	<u>(50,122)</u>
Operating profit	6	10,576	11,330
Interest receivable and similar income	4	97	90
Interest payable and similar charges	5	(238)	(431)
Finance charges (net)		<u>(50)</u>	<u>(45)</u>
Profit on ordinary activities before taxation		10,385	10,944
Tax on profit on ordinary activities	7	<u>(3,299)</u>	<u>(3,158)</u>
Profit on ordinary activities after taxation		7,086	7,786
Equity minority interest	22	<u>(73)</u>	<u>(123)</u>
Profit for the period	20	<u><u>7,013</u></u>	<u><u>7,663</u></u>

The activities of the Group were derived from continuing operations.

The Parent Company has taken advantage of the exemption conferred by s408 of the Companies Act 2006 not to present a separate profit and loss account. The profit, before distributions, attributable to the Parent Company was £9,471,698 (2014: £8,008,588).

SAGE Publications Limited

Consolidated statement of total recognised gains and losses For the period ending 26th December 2015

	Note	2015 52 weeks £'000	2014 52 weeks £'000
Profit for the financial period		7,013	7,663
Actuarial loss recognised on retirement benefit schemes	16	(31)	(395)
Deferred tax attributable to actuarial losses		(2)	92
Currency translation difference on foreign currency investments		<u>(73)</u>	<u>98</u>
Total recognised gains relating to the period		<u>6,907</u>	<u>7,458</u>

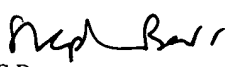
SAGE Publications Limited


Consolidated balance sheet As at 26th December 2015

	Notes	26-Dec-15 £'000	26-Dec-15 £'000	27-Dec-14 £'000	27-Dec-14 £'000
Fixed assets					
Goodwill	8		18,739		12,275
Intangible assets	8		46,914		45,104
Tangible assets	9		<u>1,773</u>		<u>1,627</u>
			67,426		59,006
Current assets					
Stock	11	12,433		10,268	
Debtors due within one year	12	28,137		26,899	
Cash at bank and in hand		<u>17,882</u>		<u>22,086</u>	
		58,452		59,253	
Creditors: Amounts falling due within one year	13	<u>(60,774)</u>		<u>(59,677)</u>	
Net current liabilities			<u>(2,322)</u>		<u>(424)</u>
Total assets less net current liabilities			65,104		58,582
Creditors: Amounts falling due after one year	14		(928)		(1,534)
Provision for liabilities	15		<u>(2,364)</u>		<u>(2,299)</u>
Net assets excluding pension liability			61,812		54,749
Pension liability	16		<u>(1,534)</u>		<u>(1,451)</u>
Net assets including pension liability			<u>60,278</u>		<u>53,298</u>
Capital and reserves					
Called up share capital	19		1		1
Profit and loss reserve	20		<u>59,293</u>		<u>52,386</u>
Shareholders' funds	21		59,294		52,387
Minority interests	22		<u>984</u>		<u>911</u>
Total capital employed			<u>60,278</u>		<u>53,298</u>

The financial statements of SAGE Publications Limited (registered number 01017514) were approved by the Board of Directors and authorised for issue on 13th May 2016.

They were signed on its behalf by


J S Barr
Director


K Jackson
Director


SAGE Publications Limited


Company balance sheet As at 26th December 2015

	Notes	26-Dec-15 £'000	26-Dec-15 £'000	27-Dec-14 £'000	27-Dec-14 £'000
Fixed assets					
Goodwill	8		14,449		7,621
Intangible assets	8		35,216		31,400
Tangible assets	9		1,163		1,042
Investments	10		<u>31,537</u>		<u>28,451</u>
			82,365		68,514
Current assets					
Stock	11	7,937		6,593	
Debtors due within one year	12	24,477		23,241	
Cash at bank and in hand		<u>12,460</u>		<u>15,420</u>	
		44,874		45,254	
Creditors: Amounts falling due within one year	13	<u>(60,593)</u>		<u>(55,913)</u>	
Net current liabilities			<u>(15,719)</u>		<u>(10,659)</u>
Total assets less net current liabilities			66,646		57,855
Creditors: Amounts falling due after one year	14		(735)		(1,534)
Provision for liabilities	15		<u>(2,306)</u>		<u>(2,238)</u>
Net assets excluding pension liability			63,605		54,083
Pension liability	16		<u>(1,534)</u>		<u>(1,451)</u>
Net assets including pension liability			<u>62,071</u>		<u>52,632</u>
Capital and reserves					
Called up share capital	19		1		1
Profit and loss reserve	20		<u>62,070</u>		<u>52,631</u>
Shareholders' funds	21		<u>62,071</u>		<u>52,632</u>

The financial statements of SAGE Publications Limited (registered number 01017514) were approved by the Board of Directors and authorised for issue on *13th May* 2016.

They were signed on its behalf by


J S Barr
Director


K Jackson
Director

SAGE Publications Limited

Consolidated cash flow statement For the period ending 26th December 2015

		2015 52 weeks £'000	2014 52 weeks £'000
Net cash inflow from operating activities	A	19,259	12,460
Returns on investments and servicing of finance		72	90
Taxation			
Tax paid - UK		(1,907)	(3,823)
Tax paid - overseas subsidiaries		(462)	(566)
Capital Expenditure			
Purchase of tangible fixed assets		(1,032)	(494)
Acquisitions and disposals			
Acquisition related payments		(23,653)	(9,448)
Proceeds from disposal of tangible fixed assets		21	18
Equity dividend paid		<u>-</u>	<u>(3,606)</u>
Decrease in cash in the year	B	<u>(7,702)</u>	<u>(5,369)</u>

SAGE Publications Limited

Notes to the consolidated cash flow statement For the period ending 26th December 2015

A. Cash flow statement

	2015 52 weeks £'000	2014 52 weeks £'000
Reconciliation of operating profit to net cash inflow from operating activities:		
Operating profit	10,576	11,330
Depreciation and amortisation	9,955	9,044
Profit on disposal of assets	26	1
Movement in working capital		
(Increase)/decrease in stock	(2,125)	(1,312)
(Increase)/decrease in debtors	(948)	(186)
Increase/(decrease) in creditors	76	(3,912)
Increase/(decrease) in deferred revenue	<u>1,699</u>	<u>(2,505)</u>
Net cash inflow from operating activities	<u>19,259</u>	<u>12,460</u>

B. Analysis and reconciliation of net funds

Net funds 28 December 2014	22,086
Movement in net funds in year	(7,702)
Cash Acquired with Acquisitions	<u>3,498</u>
Net funds at 26 December 2015	<u>17,882</u>

SAGE Publications Limited

Notes to the financial statements For the period ending 26th December 2015

1 Accounting policies

Accounting convention

These financial statements have been prepared under the Companies Act 2006 and in accordance with United Kingdom accounting standards using the historical cost convention. The accounting policies described below have been applied consistently in the current and prior year.

Basis of consolidation

The Group financial statements consolidate the financial statements of SAGE Publications Limited and its subsidiary undertakings drawn up to the final Saturday of each calendar year. No profit and loss account is presented for SAGE Publications Limited as permitted by section 408 of the Companies Act 2006. The subsidiaries have been included within the Group financial statements using the acquisition method of accounting. Accordingly the Group profit and loss account and Group cash flow statement includes the results and cash flows of the subsidiaries from the dates of acquisition up to the year end.

Going concern

The Group's forecast and projections show that the Company and Group have access to sufficient cash reserves to continue normal operations. The Group's net current liability position includes a substantial amount of paid subscription income received in advance which will be earned during the course of the year as part of its normal ongoing business activity. The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover

Turnover represents the invoiced amount of book and subscription sales, net of credits and VAT, and after deferring journal subscriptions. Turnover on journal subscription based products is deferred as unearned subscription income when cash is received and recognised as revenue as issues are shipped to subscribers. Turnover from book sales is recognised when products are shipped to customers and title passes. The Group extends rights of return to its customers, which are accrued for based on future returns determined by using estimates and historical experience. Other income such as advertising and permissions is recognised when the service is provided.

Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised on a straight-line basis over its useful economic life which is typically fifteen years. Provision is made for any impairment.

Intangible assets – other intangible assets

Other intangible assets are recorded at cost and are amortised over their useful economic life. Provision is made for any impairment. The amortisation rate for the right to publish and to receive subscription income in respect of journal titles has been chosen as the typical economic useful life of a journal title in the publishing industry which is around 15 years.

Contingent Consideration

Contingent consideration, classified as a liability, is recognised and measured at fair value as of the acquisition date. Contingent consideration is measured subsequently at each reporting period at fair value and the goodwill balance is adjusted for any changes in the fair value until the contingent consideration arrangement is settled. Contingent consideration arrangements exist in relation to certain business acquisitions and payment is triggered on attainment of targets related to various business performance measures.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Fixtures, fittings, equipment and IT Straight-line over three to five years

Motor vehicles Straight-line over four years

Short leasehold improvements are amortised over the period of the lease.

SAGE Publications Limited

Notes to the financial statements (continued) For the period ending 26th December 2015

1 Accounting policies (continued)

Investments

Investments are shown at cost less provision for impairment.

Stock and work in progress

Stock and work in progress have been valued at the lower of cost and net realisable value. Work in progress includes pre-publication costs incurred in the creation of print and digital books such as copy editing and typesetting. These costs are amortised over an 18 month period from publication during which the majority of the sales are recorded. Costs incurred in the preparation of AMD electronic archive products (principally digitisation) and SAGE video production costs are amortised over 5 years during which the majority of the sales are expected to be recorded. A provision is made for book stock that may be obsolete based on actual sales volumes and length of time since publication of each title.

Royalties payable

Journal and book royalty costs are recognised in the profit and loss account in line with revenue. Royalty advances are deferred and offset against royalties payable as they are accrued. Advances are held net of a provision for non recoverable book advances.

Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates of tax and law. Timing differences arise from the inclusion of items of income and expenditure in the taxation computations in the periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign exchange

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Operating leases

All payments in respect of operating leases are charged directly to the profit and loss account in equal amounts over the lease term.

Pension costs

In accordance with the requirements of FRS17, for defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses. Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained annually and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet. The actual return on the scheme's assets was £39,000 (2014: £79,000). The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is £1,544,000 (2014: £1,512,000). Payments in respect of the defined contribution pension scheme are charged to the profit and loss account as the commitments fall due.

Publishing agreements

The Company has entered into publishing agreements that provide for exclusive licenses to publish journal and copyrighted materials developed and/or acquired by others. Certain of the agreements require guaranteed minimum annual royalty, stipend and grant payments. Future guaranteed minimum payments required under publishing agreements in excess of one year are as follows for years ending December 2016: £3,969,562, 2017: £3,506,331, 2018: £2,296,434, 2019: £1,996,556, 2020: £2,041,885, and thereafter £564,293 totalling £14,375,061.

SAGE Publications Limited

Notes to the financial statements (continued)

For the period ending 26th December 2015

2 Turnover

Group	2015 52 weeks £'000	2014 52 weeks £'000
Export Sales	77,364	72,392
UK sales	<u>24,026</u>	<u>23,362</u>
	101,390	95,754
Advertising and licensing income	<u>10,275</u>	<u>9,242</u>
	<u><u>111,665</u></u>	<u><u>104,996</u></u>

3 Directors and employees

The average number of persons (including directors) employed during the year was as follows:

Group	2015 52 weeks Number	2014 52 weeks Number
Distribution	75	69
Administration	138	134
Editorial and production	374	324
Sales and marketing	<u>254</u>	<u>242</u>
	<u>841</u>	<u>769</u>

Staff costs in respect of these employees were:

Group	2015 52 weeks £'000	2014 52 weeks £'000
Wages and salaries	27,906	24,901
Social security costs	2,685	2,601
Pension costs (note 16)	<u>1,837</u>	<u>1,685</u>
	<u><u>32,428</u></u>	<u><u>29,187</u></u>

SAGE Publications Limited

Notes to the financial statements (continued) For the period ending 26th December 2015

3 Directors and employees (continued)

Directors' Remuneration

	2015 52 weeks £'000	2014 52 weeks £'000
Group		
Remuneration	4,076	3,903
Pension contributions	377	336
Benefits in kind	27	25
	<u>4,480</u>	<u>4,264</u>

There were ten directors in respect of whom retirement benefits are accruing under money purchase pension schemes (2014: ten). One director has retirement benefits within a defined benefit scheme (2014: one). See note 16.

The emoluments of the highest paid director were as follows:

	2015 52 weeks £'000	2014 52 weeks £'000
Group		
Remuneration	780	805
Pension contributions	70	64
Benefits in kind	4	4
	<u>854</u>	<u>873</u>

4 Interest receivable and similar income

	2015 52 weeks £'000	2014 52 weeks £'000
Group		
Bank interest receivable	<u>97</u>	<u>90</u>

5 Interest payable and similar charges

	2015 52 weeks £'000	2014 52 weeks £'000
Group		
Inter Company loan Interest	25	-
Effect of discounting future cash outflows	<u>213</u>	<u>431</u>
	<u>238</u>	<u>431</u>

SAGE Publications Limited

Notes to the financial statements (continued) For the period ending 26th December 2015

6	Operating profit	2015 52 weeks £'000	2014 52 weeks £'000
	Group		
	Operating profit is arrived at after (crediting)/charging:		
	Depreciation	841	870
	Amortisation:-		
	Goodwill	1,514	981
	Other intangible	7,600	7,193
	(Profit)/loss on disposal of assets	(21)	1
	Operating lease charges - land and buildings	2,089	1,930
	Foreign exchange loss/(gain)	448	(249)
	Auditor's remuneration: audit fees Company	101	93
	Auditor's remuneration: audit fees subsidiaries	75	65
	Auditor's remuneration: tax, vat, overseas registration and acquisition advice	267	195
		<u>12,914</u>	<u>11,079</u>
7	Tax on profit on ordinary activities	2015 52 weeks £'000	2014 52 weeks £'000
	Current tax:		
	UK corporation tax at 20.25% (2014: 21.50%)	2,684	2,492
	Adjustments in respect of prior years	9	(4)
	Overseas subsidiaries tax	647	509
	Total current tax	<u>3,340</u>	<u>2,997</u>
	Deferred tax:		
	Deferred taxation UK	20	123
	Deferred taxation overseas subsidiaries	(61)	38
	Total deferred tax (note 17)	<u>(41)</u>	<u>161</u>
	Total taxation charge for the year	<u>3,299</u>	<u>3,158</u>

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the United Kingdom of 20.25% (2014: 21.50%) for the reasons set out in the following reconciliation:

	2015 52 weeks £'000	2014 52 weeks £'000
Group profit on ordinary activities before tax	<u>10,385</u>	<u>10,944</u>
Tax on group profit on ordinary activities at standard UK corporation tax rate of 20.25% (2014: 21.50%)	2,103	2,353
Effects of expenses not deductible for tax purposes	844	682
Capital allowances in excess of depreciation	(59)	6
Short-term timing differences	99	(119)
Difference in tax rates on subsidiaries	263	86
Other	81	(7)
Prior period adjustments	9	(4)
Group current tax charge for the year	<u>3,340</u>	<u>2,997</u>
	%	%
Standard tax rate as a % of profit	20	21
Expenses not deductible for tax purposes	8	6
Short-term timing differences	1	(1)
Difference in tax rates on subsidiaries	3	1
Other	-	-
Group current tax charge % for the year	<u>32</u>	<u>27</u>

SAGE Publications Limited

Notes to the financial statements (continued) For the period ending 26th December 2015

8 Intangible assets

Group	Goodwill £'000	Other intangible assets £'000	Total £'000
Cost			
At 28 December 2014	15,690	86,023	101,713
Additions	7,608	9,523	17,131
Contingent consideration adjustments	370	(113)	257
At 26 December 2015	<u>23,668</u>	<u>95,433</u>	<u>119,101</u>
Amortisation			
At 28 December 2014	3,415	40,919	44,334
Charge for year	1,514	7,600	9,114
At 26 December 2015	<u>4,929</u>	<u>48,519</u>	<u>53,448</u>
Net book value			
At 26 December 2015	<u>18,739</u>	<u>46,914</u>	<u>65,653</u>
At 27 December 2014	<u>12,275</u>	<u>45,104</u>	<u>57,379</u>

Intangible assets of £46.9m include £10.5m of digital products, £30.1m of purchased publishing rights and other assets of £6.3m which includes subscriber relationships, copyrights and contractual relationships. In 2015 SAGE Publications Limited acquired the share capital of Edizioni del Centauro Srl and Pion Limited as well as 28 high quality journals spanning a range of academic subjects across the fields of Medicine, Humanities, Science and Technology. The total cash consideration for these acquisitions of £19.3m resulted in £9.5m of intangibles and £7.6m of goodwill being recognised in the year.

Company	Goodwill £'000	Other intangible assets £'000	Total £'000
Cost			
At 28 December 2014	10,227	67,548	77,775
Additions	7,608	8,864	16,472
Contingent consideration adjustments	370	(113)	257
At 26 December 2015	<u>18,205</u>	<u>76,299</u>	<u>94,504</u>
Amortisation			
At 28 December 2014	2,606	36,148	38,754
Charge for year	1,150	4,935	6,085
At 26 December 2015	<u>3,756</u>	<u>41,083</u>	<u>44,839</u>
Net book value			
At 26 December 2015	<u>14,449</u>	<u>35,216</u>	<u>49,665</u>
At 27 December 2014	<u>7,621</u>	<u>31,400</u>	<u>39,021</u>

Intangible assets of £35.2m include £29.5m of purchased publishing rights and other assets of £5.7m which includes subscriber relationships, copyrights and contractual relationships

SAGE Publications Limited

Notes to the financial statements (continued) For the period ending 26th December 2015

9 Tangible assets

Group	Motor Vehicles £'000	Fixtures, fittings, equipment and IT £'000	Short leaseholds and improvements £'000	Total £'000
Cost				
At 28 December 2014	410	4,142	2,294	6,846
Additions	248	774	10	1,032
Disposals	(186)	(56)	-	(242)
Exchange adjustments	1	-	(1)	-
At 26 December 2015	<u>473</u>	<u>4,860</u>	<u>2,303</u>	<u>7,636</u>
Depreciation				
At 28 December 2014	204	3,384	1,631	5,219
Charge for year	120	564	157	841
Disposals	(150)	(46)	-	(196)
Exchange adjustments	1	(1)	(1)	(1)
At 26 December 2015	<u>175</u>	<u>3,901</u>	<u>1,787</u>	<u>5,863</u>
Net book value				
At 26 December 2015	<u>298</u>	<u>959</u>	<u>516</u>	<u>1,773</u>
At 27 December 2014	<u>206</u>	<u>758</u>	<u>663</u>	<u>1,627</u>
Company				
Company	Motor Vehicles £'000	Fixtures, fittings, equipment and IT £'000	Short leaseholds and improvements £'000	Total £'000
Cost				
At 28 December 2014	163	2,980	2,060	5,203
Additions	81	532	-	613
Disposals	(71)	(7)	-	(78)
At 26 December 2015	<u>173</u>	<u>3,505</u>	<u>2,060</u>	<u>5,738</u>
Depreciation				
At 28 December 2014	110	2,618	1,433	4,161
Charge for year	45	307	133	485
Disposals	(71)	-	-	(71)
At 26 December 2015	<u>84</u>	<u>2,925</u>	<u>1,566</u>	<u>4,575</u>
Net book value				
At 26 December 2015	<u>89</u>	<u>580</u>	<u>494</u>	<u>1,163</u>
At 27 December 2014	<u>53</u>	<u>362</u>	<u>627</u>	<u>1,042</u>

SAGE Publications Limited

Notes to the financial statements (continued) For the period ending 26th December 2015

10 Investments

Company	£'000
Cost and net book value	
At 28 December 2014	28,451
Additions	<u>3,086</u>
At 26 December 2015	<u><u>31,537</u></u>

SAGE Publications Limited's UK subsidiaries are Paul Chapman Publishing Limited, Woodcock Publications Limited, Richard Sadler Limited, Lucky Duck Publishing Limited, JRAAS Limited, Medinews (Diabetes) Limited, Learning Matters Limited, Vathek Publishing Limited and Symposium Journals Limited. All companies are non-trading, wholly owned and incorporated in the United Kingdom apart from Vathek Publishing Limited which is incorporated in the Isle of Man. The trading of the companies has been transferred to the Parent Company SAGE Publications Limited.

During 2015 SAGE Publications Limited acquired two publishing businesses Edizioni Del Centauro Srl incorporated in Italy and Pion Limited incorporated in the UK. These acquisitions complement SAGE's existing journals publishing programmes providing high quality journals in the fields of Radiology and the Environment and Planning. Both of these acquisitions are wholly owned subsidiaries, and the trading of Pion has been transferred to the Parent Company SAGE Publications Limited. Edizioni Del Centauro owns journal copyrights which are licensed to and published by SAGE Publications Limited.

Adam Matthew Digital Limited, incorporated in the UK, is a wholly-owned subsidiary of SAGE Publications Limited. Adam Matthew Digital Limited publishes unique primary source collections from archives around the world. Its award winning collections span the social sciences, humanities and cover a multitude of topics ranging from Medieval manuscripts and Victorian moving images to ephemera from the 1960's.

SAGE Publications Limited owns 76% of the share capital of SAGE Publications India Pvt Limited, a company incorporated in India. The remaining share capital is held by SAGE Publications Inc., the ultimate parent entity. SAGE India has a successful local publishing programme producing academic and professional books and journals, it provides outsourced publishing services and distributes other SAGE books and journals in its local markets.

SAGE Asia Pacific Pte. Limited, incorporated in Singapore, is a wholly-owned subsidiary of SAGE Publications Limited. SAGE Asia Pacific is responsible for the marketing and promotion of SAGE content throughout the Asia Pacific region.

11 Stock

	Group		Company	
	26-Dec-15 £'000	27-Dec-14 £'000	26-Dec-15 £'000	27-Dec-14 £'000
Finished goods	3,958	2,779	3,432	2,314
Work in progress	<u>8,475</u>	<u>7,489</u>	<u>4,505</u>	<u>4,279</u>
	<u><u>12,433</u></u>	<u><u>10,268</u></u>	<u><u>7,937</u></u>	<u><u>6,593</u></u>

12 Debtors: Amounts falling due within one year

	Group		Company	
	26-Dec-15 £'000	27-Dec-14 £'000	26-Dec-15 £'000	27-Dec-14 £'000
Trade debtors	13,037	12,410	9,105	9,623
Other debtors	2,944	1,612	2,346	1,058
Amounts owed by parent company	9,551	10,285	9,123	10,082
Amounts owed by subsidiaries	-	-	1,919	307
Deferred tax asset	703	662	637	657
Prepayments and accrued income	<u>1,902</u>	<u>1,930</u>	<u>1,347</u>	<u>1,514</u>
	<u><u>28,137</u></u>	<u><u>26,899</u></u>	<u><u>24,477</u></u>	<u><u>23,241</u></u>

SAGE Publications Limited

Notes to the financial statements (continued) For the period ending 26th December 2015

13 Creditors: Amounts falling due within one year

	Group		Company	
	26-Dec-15 £'000	27-Dec-14 £'000	26-Dec-15 £'000	27-Dec-14 £'000
Trade Creditors	1,981	2,253	1,458	1,823
Amounts owed to parent company	3,866	4,561	3,468	4,317
Amounts owed to subsidiaries	-	-	6,765	2,292
Tax	1,556	701	1,191	399
Other creditors	760	840	760	840
Accruals	18,247	17,498	15,384	14,200
Contingent consideration	112	2,943	112	2,943
Deferred revenue	34,155	30,754	31,358	28,972
Deferred occupancy incentive	97	127	97	127
	<u>60,774</u>	<u>59,677</u>	<u>60,593</u>	<u>55,913</u>

14 Creditors: Amounts falling due after one year

	Group		Company	
	26-Dec-15 £'000	27-Dec-14 £'000	26-Dec-15 £'000	27-Dec-14 £'000
Contingent consideration	105	867	105	867
Tax	199	-	6	-
Deferred revenue	624	667	624	667
	<u>928</u>	<u>1,534</u>	<u>735</u>	<u>1,534</u>

15 Provisions for liabilities

Group	Long term incentive plan £'000	Building dilapidations £'000	Total £'000
	At 28 December 2014	1,653	646
Profit and loss account charge	1,264	-	1,264
Transfer to short-term creditors	(1,199)	-	(1,199)
At 26 December 2015	<u>1,718</u>	<u>646</u>	<u>2,364</u>
Company			
At 28 December 2014	1,592	646	2,238
Profit and loss account charge	1,267	-	1,267
Transfer to short-term creditors	(1,199)	-	(1,199)
At 26 December 2015	<u>1,660</u>	<u>646</u>	<u>2,306</u>

The purpose of the Long-Term Incentive Plan is to incentivise and to reward key executives of the Group for long-term contributions to the Group's growth. The dilapidations provision relates to the estimated cost of returning the leasehold property to its original state at the end of the lease in accordance with the lease terms.

SAGE Publications Limited

Notes to the financial statements (continued) For the period ending 26th December 2015

16 Pension liability

The Company operates a defined benefit pension scheme in the United Kingdom for one current director. The scheme is a preserved pension payable from normal retirement age based on final pensionable salary and pensionable service at the date of leaving the scheme. An FRS17 valuation was carried out for the last 5 years by a qualified actuary. The latest valuation was at 26 December 2015.

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at each balance sheet date were:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of scheme obligations	3,108	2,988	2,469	2,304	2,019
Fair value of scheme assets	<u>1,190</u>	<u>1,151</u>	<u>1,072</u>	<u>984</u>	<u>911</u>
Deficit in scheme	(1,918)	(1,837)	(1,397)	(1,320)	(1,108)
Related deferred tax asset	<u>384</u>	<u>386</u>	<u>293</u>	<u>304</u>	<u>277</u>
Net pension deficit	<u>(1,534)</u>	<u>(1,451)</u>	<u>(1,104)</u>	<u>(1,016)</u>	<u>(831)</u>
Insurance contract (%)	<u>4.1%</u>	<u>4.0%</u>	<u>5.2%</u>	<u>4.2%</u>	<u>4.3%</u>
Experience gains/(losses) on scheme liabilities	(32)	32	-	15	-
Percentage of scheme liabilities (%)	<u>(1)%</u>	<u>1%</u>	<u>0%</u>	<u>1%</u>	<u>0%</u>
Difference between actual and expected return on scheme assets	(7)	23	47	34	(49)
Percentage of scheme liabilities (%)	<u>1%</u>	<u>2%</u>	<u>4%</u>	<u>3%</u>	<u>(5)%</u>
Total amount recognised in the statement of recognised gains and losses	(31)	(395)	(35)	(158)	(110)
Percentage of scheme liabilities (%)	<u>(1)%</u>	<u>(13)%</u>	<u>(1)%</u>	<u>(7)%</u>	<u>(5)%</u>
Key assumptions	2015	2014			
Rate of increase in salaries	n/a	n/a			
Rate of increase in pension payment	3.3%	3.3%			
Inflation assumption	3.2%	3.3%			
Discount rate pre-retirement	3.3%	3.2%			
Discount rate post retirement	2.6%	2.4%			
Expected long-term return on plan assets	4.0%	5.2%			

The scheme assets are held in an insurance policy and a unitised pension policy with Aviva. The long term rate of return of 4% reflects the assumed long term returns on the underlying assets of these policies and these assets will on average be allocated as 50% in equities and 50% in gilts.

SAGE Publications Limited

Notes to the financial statements (continued) For the period ending 26th December 2015

16 Pension liability (continued)

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

Assumption	Changes in assumption	Impact on defined benefit obligation
Discount rate	Decrease by 0.25% p.a.	Increase of £180,000
Rate of inflation	Increase by 0.25% p.a.	Increase of £172,000
Rate of mortality	Member assumed to live one year longer	Increase of £85,000

Mortality assumptions	2015	2014
Assumed life expectation on retirement at age 60		
Retiring in 1 year (member aged 59 today)	32.7	33.1
	<u>2015</u>	<u>2014</u>
	52 weeks	52 weeks
	£'000	£'000

Analysis of amount debited to net finance charges

Expected return on pension scheme assets	46	56
Interest on pension scheme liabilities	(96)	(101)
	<u>(50)</u>	<u>(45)</u>

Analysis of amount recognised in the statement of total recognised gains and losses

Actual return less expected return on pension scheme assets	(7)	23
Changes in assumptions underlying the present value of scheme liabilities	(24)	(418)
Actuarial loss	<u>(31)</u>	<u>(395)</u>

Movement in the fair value of scheme assets during the year

At 28 December 2014	1,151	1,072
Expected return on plan assets	46	56
Actuarial (loss)/gain on plan assets	(7)	23
At 26 December 2015	<u>1,190</u>	<u>1,151</u>

Movement in deficit during the year

At 28 December 2014	(1,837)	(1,397)
Net finance cost	(50)	(45)
Actuarial loss	(31)	(395)
At 26 December 2015	<u>(1,918)</u>	<u>(1,837)</u>

The Company operates a discretionary defined contribution pension scheme, which is operated by an independent insurance company. The pension charge represents contributions payable by the Group which amounts to £1,837,127 (2014: £1,684,545). As at 26 December 2015, contributions of £110,830, (2014: £nil) in respect of the current reporting period had not been paid over to the schemes.

SAGE Publications Limited

Notes to the financial statements (continued) For the period ending 26th December 2015

17 Deferred taxation

The deferred taxation asset included in note 12 relates to timing differences in respect of the cost of the long-term incentive plan and accelerated capital allowances.

	Group		Company	
	26-Dec-15 £'000	27-Dec-14 £'000	26-Dec-15 £'000	27-Dec-14 £'000
Accelerated capital allowances	7	66	7	66
Other timing differences	<u>696</u>	<u>596</u>	<u>630</u>	<u>591</u>
	<u><u>703</u></u>	<u><u>662</u></u>	<u><u>637</u></u>	<u><u>657</u></u>

The movements in the deferred tax asset are as follows:

	Group £'000	Company £'000
At 28 December 2014	662	657
Profit and loss account	<u>41</u>	<u>(20)</u>
At 26 December 2015	<u><u>703</u></u>	<u><u>637</u></u>

18 Lease obligations

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings Group		Land and buildings Company	
	26-Dec-15 £'000	27-Dec-14 £'000	26-Dec-15 £'000	27-Dec-14 £'000
Expiring within one year	228	287	-	-
Expiring in two to five years	1,843	1,593	1,555	1,287
Expiring after five years	<u>-</u>	<u>125</u>	<u>-</u>	<u>125</u>
	<u><u>2,071</u></u>	<u><u>2,005</u></u>	<u><u>1,555</u></u>	<u><u>1,412</u></u>

19 Called up share capital

	2015		2014	
	Number	£	Number	£
Authorised:				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid				
Ordinary shares of £1 each	<u><u>509</u></u>	<u><u>509</u></u>	<u><u>509</u></u>	<u><u>509</u></u>

SAGE Publications Limited

Notes to the financial statements (continued) For the period ending 26th December 2015

20 Reconciliation of movements in profit and loss reserve

	2015	2014
	52 weeks	52 weeks
	£'000	£'000
Group		
Opening profit and loss reserve	52,386	48,534
Profit on ordinary activities after tax and minority interest	7,013	7,663
Dividend paid	-	(3,606)
Foreign exchange (loss)/profit	(73)	98
Net actuarial loss included in the statement of total recognised gains and losses	<u>(33)</u>	<u>(303)</u>
Closing profit and loss reserve	<u>59,293</u>	<u>52,386</u>

During 2015 the Group paid a dividend of £nil to the Parent Company (2014: £3,605,687) which represents £nil per share (2014: £7,084).

	2015	2014
	52 weeks	52 weeks
	£'000	£'000
Company		
Opening profit and loss reserve	52,631	48,531
Profit on ordinary activities after tax	9,472	8,009
Dividend paid	-	(3,606)
Net actuarial loss included in the statement of total recognised gains and losses	<u>(33)</u>	<u>(303)</u>
Closing profit and loss reserve	<u>62,070</u>	<u>52,631</u>

During 2015 the Company paid a dividend of £nil to the Parent Company (2014: £3,605,687) which represents £nil per share (2014: £7,084).

21 Reconciliation of movements in shareholders' funds

	2015	2014
	52 weeks	52 weeks
	£'000	£'000
Group		
Opening shareholders' funds	52,387	48,535
Profit on ordinary activities after tax and minority interest	7,013	7,663
Dividend paid	-	(3,606)
Foreign exchange (loss)/profit	(73)	98
Net actuarial loss included in the statement of total recognised gains and losses	<u>(33)</u>	<u>(303)</u>
Closing shareholders' funds	<u>59,294</u>	<u>52,387</u>

	2015	2014
	52 weeks	52 weeks
	£'000	£'000
Company		
Opening shareholders' funds	52,632	48,532
Profit on ordinary activities after tax	9,472	8,009
Dividend paid	-	(3,606)
Net actuarial loss included in the statement of total recognised gains and losses	<u>(33)</u>	<u>(303)</u>
Closing shareholders' funds	<u>62,071</u>	<u>52,632</u>

SAGE Publications Limited

Notes to the financial statements (continued) For the period ending 26th December 2015

22 Minority interests

Group	£'000
At 28 December 2014	911
Profit on ordinary activities after tax	<u>73</u>
At 26 December 2015	<u>984</u>

23 Subsidiary Undertakings

Name	Country	% Owned	Type
Subsidiaries			
SAGE Publications India Pvt Limited	India	76%	Direct
SAGE Asia Pacific Pte Limited	Singapore	100%	Direct
Adam Mathew Digital Limited	UK	100%	Direct
Edizioni Del Centauro Srl	Italy	100%	Direct
Dormant Subsidiaries			
Paul Chapman Publishing Limited	UK	100%	Direct
Woodcock Publications Limited	UK	100%	Direct
Richard Sadler Limited	UK	100%	Direct
Lucky Duck Publishing Limited	UK	100%	Direct
JRAAS Limited	UK	100%	Direct
Medinews (Diabetes) Limited	UK	100%	Direct
Learning Matters Limited	UK	100%	Direct
Vathek Publishing Limited	UK	100%	Direct
Symposium Journals Limited	Isle of Man	100%	Direct
Pion Limited	UK	100%	Direct

24 Related party transactions

During the year the Company entered into the following transactions with SAGE Publications Inc, the Parent Company.

	2015 52 weeks £'000	2014 52 weeks £'000
Related party transactions		
SAGE Publications Inc: Dividend	-	(3,606)
SAGE Publications Inc: Net purchases	<u>(6,346)</u>	<u>(5,020)</u>

Amounts owed to related parties

	2015 £'000	2014 £'000
The following balances were outstanding at the end of the year:		
SAGE Publications Inc.	<u>(895)</u>	<u>(797)</u>

25 Ultimate Parent Company

SAGE Publications Limited, a company incorporated in the United Kingdom, is a wholly-owned subsidiary undertaking of SAGE Publications Inc., a company incorporated in the United States of America. SAGE Publications Inc. is the parent undertaking of the largest and smallest group which includes the Company, for which the financial statements are prepared.