

WILEY

John Wiley & Sons A/S

Rosenørns Alle 1


1970 Frederiksberg

CVR no 24 20 78 54

Annual Report 2016/17

Approved at the Company's annual general meeting on 27 June 2017

As chairman:

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Ursula Smith

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of John Wiley & Sons A/S for the financial year 1 May 2016 – 30 April 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 30 April 2017 and of the results of the Company's operations for the financial year 1 May 2016 – 30 April 2017.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

27 June 2017

Executive Board:

Martin Vinding

Martin Vinding (Jun 27, 2017)

Martin Vinding

Board of Directors:

Ursula Smith

Ursula Smith (Jun 27, 2017)

Ursula Smith
Chairman

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Miriam Maus (Jun 27, 2017)

Miriam Maus

Martin Vinding

Martin Vinding (Jun 27, 2017)

Martin Vinding

Independent auditors' report

To the shareholders of John Wiley & Sons A/S

Opinion

We have audited the financial statements of John Wiley & Sons A/S for the financial year 1 May 2016 – 30 April 2017, which comprise an income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 April 2017 and of the results of the Company's operations for the financial year 1 May 2016 – 30 April 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines 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, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has 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 and additional requirements applicable in Denmark 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 27 June 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Claus Tanggaard Jacobsen (Jun 27, 2017)

Claus Tanggaard Jacobsen
State Authorised
Public Accountant

Management's review

Company details

Name	John Wiley & Sons A/S
Address, zip code, city	Rosenøms Alle 1, 1970 Frederiksberg
CVR no.	24 20 78 54
Established	1951-03-28
Registered office	Copenhagen
Financial year	1 May – 30 April
Website	www.wiley.com
Telephone	+45 77 33 33 33
Board of Directors	Ursula Smith, Chairman Miriam Maus Martin Vinding
Executive Board	Martin Vinding
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Oswald Helmuths Vej 4, 2000 Frederiksberg CVR: 30 70 02 28

Management's review

Operating review

Principal activities of the Company

The company's principal activities are to publish scientific and medical journals that are either owned by the company or Wiley UK/US, or are published on behalf of learned societies, and to provide information solutions to the pharmaceutical industry and to academic institutions. We deliver high quality publishing services, and not least our Scandinavian and European customers and partners benefit from the company's expertise and international contacts and network. We strive to realize the full potential of our journals portfolio and various partnerships by creating the optimal framework for internal and external stakeholders to engage and perform at their best, as well as pursuing new business opportunities related to journal publishing.

Uncertainty regarding recognition and measurement

None

Unusual circumstances

None

Development in activities and financial matters

The company's success depends largely on the commitment of the employees. During the year the company added two new staff, both members of Wiley's journals management teams, which has allowed for an increase in the total number of journals managed by the company's employees: from 70 journals in 2015/16 to 90 journals in 2016/17.

We have employed an average of 12 FTE employees this year while at the year end the company has 14 employees, 2 more than at the end of 2015/16.

The company's turnover increased by 7.5% compared to last year mainly due to a 10.9% increase in our license fees. The net result is 17.6 million for the year, a 10.6% increase compared to last year.

It is proposed at the Annual General Meeting that the profit for the period 1 May 2016 to 30 April 2017 is distributed as follows (DKK'000):

Dividend to capital owners:	18,000
Retained profit:	- 358
Total:	17,642

The total share capital is held by Blackwell Science (Overseas Holdings) Ltd., Oxford UK, being a wholly owned subsidiary of John Wiley & Sons Inc., Hoboken USA.

Events after the balance sheet date

On 1 May 2017 the company entered into an agreement regarding the purchase of 100% of the shares in Wiley ApS, CVR no. 26931037. The purchase of shares in Wiley ApS is the first step towards a planned consolidation and merger of all Wiley's registered companies and businesses in Denmark. Because of the planned merger, the company's turnover and result for 2017/18 is expected to be slightly higher than this year.

Financial statements for the period 1 May 2016 – 30 April 2017

Income statement

Note	DKK'000	2016/2017	2015/2016
2	Revenue		
	License Fee	20,929	18,871
	Service Fee	11,176	11,041
	Copyrights	122	70
	Gross profit	<u>32,227</u>	<u>29,983</u>
3	Staff costs	6,786	6,690
7	Depreciation, amortisation and impairment losses	3	51
	Administrations costs	1,940	2,020
	Other operating costs	652	718
	Operating profit	<u>22,846</u>	<u>20,504</u>
4	Financial income	0	186
5	Financial expenses	194	233
	Profit before tax	<u>22,652</u>	<u>20,457</u>
6	Tax on profit for the year	5,011	4,506
	Profit for the year	<u><u>17,642</u></u>	<u><u>15,952</u></u>
	Proposed profit appropriation		
	Proposed dividend	18,000	4,000
	Retained earnings	-358	11,952
		<u><u>17,642</u></u>	<u><u>15,952</u></u>

Financial statements for the period 1 May 2016 – 30 April 2017

Balance sheet

Note	DKK'000	2016/2017	2015/2016
	Assets		
7	Property, plant and equipment		
	Fixtures and fittings, tools and equipment	149	152
		<u>149</u>	<u>152</u>
	Receivables		
	Deposit	416	408
		<u>416</u>	<u>408</u>
	Total non-current assets	<u>565</u>	<u>560</u>
	Current assets		
	Receivables		
	Amounts owed by affiliated companies, UK	4,697	3,831
	Amounts owed by affiliated companies, US	0	30
	Deferred tax	22	34
	Other receivables	0	51
	Prepayments	273	38
		<u>4,993</u>	<u>3,983</u>
	Cash at hand and in bank	<u>30,550</u>	<u>17,708</u>
	Total current assets	<u>35,543</u>	<u>21,691</u>
	TOTAL ASSETS	<u><u>36,108</u></u>	<u><u>22,251</u></u>

Financial statements for the period 1 May 2016 – 30 April 2017

Balance sheet

Note	DKK'000	2016/2017	2015/2016
	Equity and liabilities		
8	Equity		
	Share capital	12,000	12,000
	Retained earnings	362	720
	Proposed dividend	18,000	4,000
	Total equity	<u>30,362</u>	<u>16,720</u>
	Current liabilities other than provisions		
	Trade payables	188	13
	Payables to group enterprises	204	0
	Corporation tax	3,651	3,504
	Other payables	1,704	2,015
		<u>5,746</u>	<u>5,531</u>
	Total liabilities	<u>5,746</u>	<u>5,531</u>
	Total equity and liabilities	<u>36,108</u>	<u>22,251</u>

- 1 Accounting policies
- 9 Contractual obligations and contingencies, etc.
- 10 Contingent Liabilities
- 11 Related party disclosures

Financial statements for the period 1 May 2016 – 30 April 2017

Notes to the financial statements

1 Accounting policies

The annual report of John Wiley & Sons A/S for 2017 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The Company has with effect from 1st May 2016 implemented law no. 73B of 1st June 2015 with changes to Danish Financial Statement Act. The implementation of this changing law has no monetary effect for the financial statement or the balance sheet in the annual report or comparatives. The annual report is thus submitted under the same accounting principles as last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currencies are measured at the exchange rate at the transactions date.

Income statement

Revenue

Incomes from License Fee and Service Fee as well as Copyrights are recognised in revenue.

Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes.

Service Fee is calculated as a mark-up for the total cost of the Copenhagen office.

Other operating costs

Other external costs include the year's expenses relating to the entity's core activities, including expenses relating to administration, travelling, premises etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

Financial statements for the period 1 May 2016 – 30 April 2017

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, charges, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement.

Balance sheet

Property, plant and equipment

Fixtures and fittings, tools and equipment are subsequently measured at cost less accumulated depreciation.

The basis of depreciation is cost less expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Scrap values for tangible assets are revised annually.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets.

Financial statements for the period 1 May 2016 – 30 April 2017

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at actual value on balance date. Write-down is made for bad debt losses when there is objective evidence that a receivable has been impaired. Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity – dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry forwards, are measured at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

The Company is jointly taxed with Wiley ApS and Discover A/S as Danish subsidiaries to John Wiley & Sons Inc. The Company act as the administrative Company. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. The jointly taxed companies are taxed under the on-account tax scheme.

Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables.

Other liabilities are measured at net realisable value.

Financial statements for the period 1 May 2016 – 30 April 2017

Notes to the financial statements

2 Revenue

DKK'000	2016/2017			2015/2016		
	UK	USA	Total	UK	USA	Total
License Fee	19,678	1,251	20,929	18,302	570	18,871
Service Fee	11,176	0	11,176	11,041	0	11,041
Copyrights	0	0	122	0	0	70
	<u>30,855</u>	<u>1,251</u>	<u>32,227</u>	<u>29,343</u>	<u>570</u>	<u>29,983</u>

DKK'000	2016/2017	2015/2016
3 Staff costs		
Wages and salaries	6,133	6,096
Pensions	549	506
Other social security costs	104	88
	<u>6,786</u>	<u>6,690</u>
Average number of full-time employees	<u>12</u>	<u>11</u>

4 Financial income

Other interest income	0	117
Foreign exchange adjustments	0	69
	<u>0</u>	<u>186</u>

5 Financial expenses

Interest expense, banks	175	98
Interest supplement surcharge, corporation tax	19	135
	<u>194</u>	<u>233</u>

6 Tax on profit for the year

Computed tax on the taxable income for the year	4.982	4.341
Adjustment of deferred tax for the year	10	2
Adjustment to tax relating to previous years	19	163
	<u>5.011</u>	<u>4.506</u>

7 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment
Cost at 1 May 2016	1,073
Additions	0
Disposals	- 209
Cost at 30 April 2017	- 864
Impairment and depreciation at 1 May 2016	921
Depreciation	3
Depreciation, assets disposed of	- 209
Impairment and depreciation at 30 April 2017	715
Carrying amount at 30 April 2017	<u>149</u>

Notes to the financial statements

8 Equity		Share capital	Retained earnings	Proposed dividends	Total
DKK'000					
Balance at 1 May 2016		12,000	720	4,000	16,720
Dividends paid		0	0	-4,000	-4,000
Proposed dividends		0	-18,000	18,000	0
Transferred; see profit appropriation		0	17,609	0	17,609
Balance at 30 April 2017		<u>12,000</u>	<u>329</u>	<u>18,000</u>	<u>30,329</u>

The share capital has not changed for the past 5 years

DKK'000	2016/2017	2015/2016
Share capital		
The share capital consists of the following:		
1 share of DKK 1,000,000	1,000	1,000
20 shares of DKK 500,000	10,000	10,000
1 share of DKK 200,000	200	200
3 shares of DKK 100,000	300	300
123 shares of DKK 4,000	492	492
4 shares of DKK 2,000	8	8
	<u>12,000</u>	<u>12,000</u>

9 Contractual obligations and contingencies, etc.

Operating leases

Rent liabilities totalling DKK 794 thousand (2015/16: DKK 786 thousand) relating to contract that is non-cancellable for 6 months.

10 Contingent Liabilities

The Company is jointly taxed with Danish entities Wiley ApS and Discover A/S as Danish entities within the John Wiley & Sons Inc. group. As the administrative company, the Company has joint and several unlimited liability for Danish corporation taxes. Any subsequent corrections of the taxable income subject to joint taxation may entail that the Company's liability will increase

Notes to the financial statement

11 Related party disclosures

John Wiley & Sons A/S' related parties comprise the following:

Parties exercising control

Blackwell Science (Overseas Holdings) Ltd

John Wiley & Sons Ltd

Executive board

Board of Directors

Other related parties transactions

Transactions with related parties consist of service and license fee to affiliated companies in UK and US

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

John Wiley & Sons, Inc. is the ultimate shareholder

The Groups Statutory Account can be required at the following address:

Corporate Headquarters

111, River Street

Hoboken

07030 New Jersey

USA