

**Company Registration No. 06419015**

**Mendeley Limited**

**Annual Report and Financial Statements**

**31 December 2019**



# **Mendeley Limited**

## **Report and financial statements 2019**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Strategic report</b>	<b>2</b>
<b>Directors' report</b>	<b>3</b>
<b>Directors' responsibilities statement</b>	<b>5</b>
<b>Independent auditor's report</b>	<b>6</b>
<b>Statement of comprehensive income</b>	<b>9</b>
<b>Statement of financial position</b>	<b>10</b>
<b>Statement of changes in equity</b>	<b>11</b>
<b>Notes to the financial statements</b>	<b>12</b>

## **Mendeley Limited**

### **Report and financial statements 2019**

#### **Officers and professional advisers**

##### **Directors**

O Dumon  
P Foeckler

##### **Secretary**

RE Secretaries Limited  
1-3 Strand  
London  
WC2N 5JR  
United Kingdom

##### **Registered Office**

The Boulevard  
Langford Lane  
Kidlington  
Oxford  
OX5 1GB  
United Kingdom

##### **Auditor**

Ernst & Young LLP,  
1 More London Place  
London  
SE1 2AF  
United Kingdom

## Mendeley Limited

### Strategic report

The purpose of the Strategic Report is to inform members of the Company and help them assess how the directors have performed their duty under Section 172 of the Companies Act 2006.

#### Business review and future developments

The principal activity of the Company during the year was that of running a website allowing users to access their own interactive research library. The directors are satisfied with the performance and financial position of the Company in the current year. The directors have a reasonable expectation that the ultimate parent company is fully prepared and able to support the Company as necessary. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

As shown in the Company's Statement of Comprehensive Income on page 9, the Company's external revenue was £990k (2018: £835k). The Company has recorded profit before tax of £1,399k in the financial year 2019 comparing to £1,788k in 2018.

The Statement of Financial Position on page 10 shows the Company's financial position at the end of the year. Capital and Reserves were a £24.3m deficit, a decrease of £11.1m from the prior year reflecting the total loss recognised for the year.

#### Principal risk and uncertainties

The company has identified and evaluated its major risks, the controls in place to manage those risks and the level of residual risk accepted. Risk management and control procedures are embedded into the operations of the business and include the monitoring of progress in areas for improvement that come to management and board attention. The major risks identified include: general economic and market conditions; changes in law and legal interpretations affecting our intellectual property rights; the availability of third party content and data; demand for our products and services; competitive factors in the industry in which the company operates; the realisation of anticipated benefits from acquisitions; technology failure; data security; supply chain dependencies and availability of appropriately skilled talent; breach of generally accepted ethical business standards and failure to manage our environmental impact.

#### COVID-19

Our priority during the COVID-19 pandemic remains the health and safety of our colleagues, our customers, and the wider community in which we operate, whilst continuing to operate our businesses and provide services to our customers. Given the electronic nature of our business, almost all our staff are able to work from home and the business has been able to operate with service delivery and product quality being maintained at high levels.

Important specific risks affecting RELX PLC are discussed in the RELX PLC Annual Reports and Financial Statements 2019 (available on [www.relx.com](http://www.relx.com)) which does not form part of this report.

The Company's ultimate parent undertaking is RELX PLC.

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

O Dumon  
Director

DocuSigned by:  
*Olivier Dumon*  
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17 September 2020

## **Mendeley Limited**

### **Directors' report**

The directors present their annual report on the affairs of the Company together with the audited financial statements and supporting notes and the auditor's report for the year ended 31 December 2019. Details of future developments can be found in the Strategic Report on page 2.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. The Company has prepared accounts in accordance with s396 of the Companies Act 2006.

#### **Dividends and transfer to/from reserves**

The Company's loss for the financial year of £11,051k (2018: £2,294k) has been transferred to reserves. No dividend has been paid during the financial year 2019 (2018: £nil).

#### **Employee relations**

The Company is fully committed to the concept of employee involvement and participation. Where appropriate, major announcements are communicated to employees through internal briefings. Information on performance, development, organisational changes and other matters of interest is communicated through briefings and electronic bulletins. The RELX PLC Save As You Earn Share Option Scheme enables employees to participate in the future prosperity of the Company. The Company is an equal opportunity employer. It does not discriminate on the grounds of race, sex, religion, physical handicap or marital status in its recruitment or employment policies. All judgements about people for the purpose of recruitment, development and promotion are made solely on the basis of their ability and potential in relation to the needs of the job.

#### **Disabled persons**

It is the policy of the Company to consider the 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.

#### **Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors of Mendeley Limited have considered the impact of COVID-19 as part of the going concern assessment and have concluded that this will not impact the company's ability to continue as a going concern. This conclusion is based on the current level of subscriptions, anticipated future subscription renewals, anticipated transaction-based revenues, and the ongoing collectability of revenue from customers.

In addition, the directors of Mendeley Limited have received written confirmation that RELX Group plc is fully prepared and able to support the company as necessary for the foreseeable future that is a period of at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. The directors of Mendeley Limited have considered the anticipated trading performance and liquidity of RELX Group plc when assessing this support.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

## Mendeley Limited

### Directors' report

#### Directors

The directors who served during the year and those holding office are set out below. Directors' indemnity insurance has been taken out by the Company on the directors' behalf.

O Dumon  
P Foeckler

#### Auditor

Each of the persons who is a director 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 Company'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 Company'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.

Ernst & Young LLP were appointed as auditors for the Company and have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

O Dumon

Director

17 September 2020

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## **Mendeley Limited**

### **Directors' responsibilities 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 company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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; and
- 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Mendeley Limited**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENDELEY LIMITED**

#### **Opinion**

We have audited the financial statements of Mendeley Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and the related notes 1 to 14, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- Give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of matter – Disclosure of effects of COVID-19**

We draw attention to Note 1 Going concern section of the financial statements, which describes the economic consequences the company is facing as a result of COVID-19 which may impact consumer demand and financial markets. Our opinion is not modified in respect of this matter.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

#### **Other information**

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

## **Mendeley Limited**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENDELEY LIMITED**

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

## **Mendeley Limited**

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENDELEY LIMITED**

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

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

*Ernst & Young LLP*

Jonathan Gill (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

18 September 2020

**Mendeley Limited**  
**Statement of Comprehensive Income**  
**Year ended 31 December 2019**

	Notes	2019 £'000	2018 £'000 Restated (Note 2)
Revenue	3	990	835
Cost of sales		-	-
<b>Gross profit</b>		<u>990</u>	<u>835</u>
Administrative expenses		(6,992)	(7,686)
Other operating income		7,401	8,639
<b>Operating profit</b>	4	<u>1,399</u>	<u>1,788</u>
<b>Profit before tax</b>		1,399	1,788
Tax expense	5	(12,450)	(4,082)
<b>Net loss for the year</b>		<u>(11,051)</u>	<u>(2,294)</u>
Other comprehensive profit		-	-
<b>Total comprehensive loss for the year</b>		<u>(11,051)</u>	<u>(2,294)</u>

All results relate to continuing operations.


The notes on pages 12 to 20 form part of these financial statements.

**Mendeley Limited**  
**Statement of Financial Position**  
**As at 31 December 2019**

	Notes	2019 £'000	2018 £'000 Restated (Note 2)
<b>Non-current assets</b>			
Intangible assets	7	136	442
Property plant and equipment	8	22	59
		<u>158</u>	<u>501</u>
<b>Current assets</b>			
Trade and other receivables	9	8,043	8,287
Deferred tax assets	5	93	183
		<u>8,136</u>	<u>8,470</u>
<b>Total assets</b>		<b>8,294</b>	<b>8,971</b>
<b>Current liabilities</b>			
Trade and other payables	10	<u>32,531</u>	<u>22,237</u>
<b>Net current liabilities</b>		<b>(24,395)</b>	<b>(13,767)</b>
<b>Net liabilities</b>		<b>(24,237)</b>	<b>(13,266)</b>
<b>Capital and reserves</b>			
Called up share capital	11	3	3
Share premium account		9,451	9,451
Other reserves account		<u>(33,691)</u>	<u>(22,720)</u>
<b>Total deficit</b>		<b>(24,237)</b>	<b>(13,266)</b>

The financial statements of Mendeley Limited (registered number 06419015) were approved by the Board of Directors on

Signed on behalf by

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O Dumon

Director

17 September 2020

**Mendeley Limited**  
**Statement of changes in equity**  
**As at 31 December 2019**

	Share capital £'000	Share premium £'000	Other reserves £'000	Total equity £'000 (Note 2)
Balance at 1 January 2018	3	9,451	(20,426)	(10,972)
Total comprehensive loss for the year (restated)	-	-	(2,294)	(2,294)
Balance at 1 January 2019 (restated)	3	9,451	(22,720)	(13,266)
Total comprehensive loss for the year	-	-	(11,051)	(11,051)
<b>Balance at 31 December 2019</b>	<b>3</b>	<b>9,451</b>	<b>(33,771)</b>	<b>(24,317)</b>

## **Mendeley Limited**

### **Notes to the financial statements**

### **Year ended 31 December 2019**

#### **1. Accounting policies**

##### **Basis of preparation**

Mendeley Limited (the “Company”) is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company’s operations and its principal activities are set out in the strategic report on page 2.

These financial statements were prepared in accordance with FRS 101 ‘Reduced Disclosure Framework’ as issued by the Financial Reporting Council.

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

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share based payment transactions, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the group accounts of RELX PLC. The group accounts of RELX PLC are available to the public and can be obtained as set out in note 13.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of IFRS 2. Leasing transactions are within the scope of IFRS 16. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

##### **Going concern**

The directors have assessed the relevant factors surrounding going concern, including financing available from other companies in the RELX PLC Group, and considers the basis of accounting preparation appropriate. The directors of Mendeley Limited have considered the impact of COVID-19 as part of the going concern assessment and have concluded that this will not impact the company’s ability to continue as a going concern. This conclusion is based on the current level of subscriptions, anticipated future subscription renewals, anticipated transaction-based revenues, and the ongoing collectability of revenue from customers. In addition, the directors have received written confirmation that RELX Group plc is fully prepared and able to support the Company as necessary for the foreseeable future that is a period of at least 12 months from the date of signing these financial statements. When assessing this support, the directors of Mendeley Limited have considered the anticipated trading performance and liquidity of RELX Group plc. For these reasons, the directors of Mendeley Limited have concluded that it is appropriate to prepare these accounts on a going concern basis.

## **Mendeley Limited**

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

### **Year ended 31 December 2019**

#### **Translation of foreign currencies into Sterling**

Profit and loss items are translated at the exchange rates ruling at transaction date. Monetary assets and liabilities are translated at rates ruling at the balance sheet dates or contracted rates where applicable. All gains and losses arising from the translation of foreign currencies are charged to Other reserves.

#### **Revenue**

Revenue arises from the provision of products and services under contracts with customers. In all cases, revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and is recognised when the customer obtains control of the good or service.

Revenue is stated at the transaction price, which includes allowances for anticipated discounts and returns and excludes customer sales taxes and other amounts to be collected on behalf of third parties.

Where the goods or services promised within a contract are distinct, they are identified as separate performance obligations and are accounted for separately. Where separate performance obligations are identified, total revenue is allocated on the basis of relative stand-alone selling prices or management's best estimate of relative value where stand-alone selling prices do not exist. Management estimates may include a cost-plus method or comparable product approach but must be supported by objective evidence. A "residual" method may be applied where it is not possible to derive a reliable management estimate for a specific component.

Revenue is recognised for the various categories as follows:

Subscriptions-revenue comprises income derived from the periodic (including annual) distribution or update of a product. Subscription revenue is generally invoiced in advance and recognised systematically over the period of the subscription. Recognition is either on a straight-line basis where the transaction involves the transfer of goods and services to the customer in a consistent manner over a specific period of time; or based on the value received by the customer where the goods and services are not delivered in a consistent manner.

Transactional-revenue is recognised when control of the product is passed to the customer or the service has been performed.

#### **Taxation**

Tax expense comprises current and deferred tax. Current and deferred tax are charged or credited in the income statement except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the income statement (either in other comprehensive income, directly in equity, or through a business combination) in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible and is calculated using tax rates and laws that were enacted or substantively enacted at the date of the statement of financial position. The Company periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised and are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**Mendeley Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 December 2019**

**1. Accounting policies (continued)**

**Taxation (continued)**

The Company reports cross-border transactions undertaken between RELX Group subsidiaries on an arm's-length basis in tax returns in accordance with OECD guidelines. There are complex tax issues that require management to exercise judgement in making tax determinations. Discussions with tax authorities relating to cross-border transactions and other matters are ongoing in each of our major trading jurisdictions. The timing and the amount of final resolution of some uncertain tax positions cannot be reliably predicted which may result in an increase or decrease of the tax charge in future periods.

Deferred tax assets and liabilities are not recognised in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination. Deferred tax is not discounted.

**Financial instruments**

Financial instruments comprise trade receivables, cash and cash equivalents, payables and accruals, borrowings and derivative financial instruments.

Trade receivables are carried in the statement of financial position at invoiced value less allowance for estimated irrecoverable amounts. Irrecoverable amounts are estimated based on the ageing of trade receivables, experience and circumstance.

**Intangible assets**

On the acquisition of a business, the purchase consideration is allocated between the net tangible and intangible assets on a fair value basis.

Internally generated intangible assets are stated in the balance sheet at the directly attributable cost of creation of the asset less accumulated amortisation and typically comprise software and systems development where an identifiable asset is created that is probable to generate future economic benefit. Internally generated intangible assets with a finite useful life are amortised systematically over their estimated useful lives between 3 to 10 years.

## **Mendeley Limited**

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

#### **Year ended 31 December 2019**

#### **1. Accounting policies (continued)**

##### **Property, plant and equipment**

Depreciation is provided on cost at the following annual rates on a straight-line basis intended to write off the assets over their estimated useful lives:

Buildings	2%
Plant and equipment	20%

Short leasehold property and improvements are amortised over the period of the lease. No depreciation is provided on freehold land.

##### **Pensions**

The expense in respect of the RELX PLC Group Personal Pension Plan, a defined contribution scheme, is charged to the profit and loss as incurred.

##### **Critical accounting judgements and key sources of estimation uncertainty**

The most significant accounting policies in determining the financial condition and results of the Company, and those requiring the most subjective or complex judgement, relate to the development spend.

Development spend embraces investment in new products and other initiatives, ranging from the building of online delivery platforms, to launch costs of new services, to building new infrastructure applications. Launch costs and other ongoing operating expenses of new products and services are expensed as incurred. The costs of building product applications, platforms and infrastructure are capitalised as intangible assets, where the investment they represent has demonstrable value and the technical and commercial feasibility is assured. Costs eligible for capitalisation must be incremental, clearly identified and directly attributable to a particular project. The resulting assets are amortised over their estimated useful lives. Impairment reviews are carried out at least annually. Judgement is required in the assessment of the potential value of a development project, the identification of costs eligible for capitalisation and the selection of appropriate asset lives.

##### **Other significant accounting policies**

The accounting policies in respect of revenue recognition are also significant in determining the financial condition and results of Mendeley Limited, although the application of these policies is relatively straightforward, as the timing of product or service delivery and customer acceptance for the various revenue types can be readily determined. Allowances for product returns are deducted from revenues based on historical return rates. Where sales consist of two or more components that operate independently, revenue is recognised as each component is completed by performance, based on attribution of relative value.

#### **2. Restatement of 2018 Results**

During the 2019 audit, management identified an incorrect booking of an intragroup benefit relating to the prior year, which resulted in an understatement of other operating income in the amount of £471k (£391k after tax) and a restatement of the 2018 results.

As a result of the restatement of 2018 results, operating loss for the year decreased from £2,685k to £2,294k. At 31 December 2018, trade and other receivables increased from £7,816k to £8,287k, deferred tax decreased from £263k to £183k, the deficit in Other Reserves in equity decreased from £23,111k to £22,720 and the deficit total equity decreased from £13,657k to £13,266.

**Mendeley Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 December 2019**

**3. Revenue**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Geographical area</b>		
United Kingdom	50	45
Continental Europe	201	172
USA	395	330
Rest of the World	344	288
	<u>990</u>	<u>835</u>

All revenue relates to a single class of business.

**4. Operating profit**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit is stated after charging the following:		
Depreciation of property, plant and equipment	37	38
Amortisation of intangible assets	306	867
Exchange loss	41	20
Income from fellow subsidiary	<u>(7,401)</u>	<u>(8,639)</u>

Income from fellow subsidiary relates to subscription support service fees earned. The audit fee of £13k (2018: £10k) in respect of the audit of the Company's annual financial statements is borne by another Group company. There were no fees in respect of non-audit services (2018: nil).

**5. Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Current tax	12,363	3,761
Deferred tax	87	321
<b>Tax expense</b>	<u>12,450</u>	<u>4,082</u>

**Mendeley Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 December 2019**

**5. Taxation (continued)**

The rate of UK corporation tax for the year is 19.00 % (2018: 19.00 %). Set out below is a reconciliation of the difference between tax expense for the period and the theoretical expense calculated by multiplying accounting profit by the tax rate for the year:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Income from ordinary activities before taxation	1,399	1,788
Tax at applicable rate	266	340
Expenses not deductible for tax purposes	-	8
Other adjustments in respect of prior periods	-	(11)
Recognition of uncertain tax provision	12,194	3,770
Deferred tax effect of changes in tax rates	(10)	(25)
<b>Tax expense</b>	<b>12,450</b>	<b>4,082</b>

The standard rate of corporation tax in the UK was 19% with effect from 1 April 2017. Accordingly, the Company's profits for the accounting period are taxed at an effective rate of 19%. A further reduction to the Corporation tax rate, from 19% to 17% with effect from 1 April 2020, was substantively enacted in September 2016. However, it was announced in March 2020 that the corporation tax rate will remain at 19% instead of reducing to 17%. It is expected that this will be enacted as part of the next Finance Act.

	<b>Deferred tax assets £'000</b>
Deferred tax asset at 1 January 2018	503
Charge to profit	(207)
Adjustment in respect of previous periods	(113)
Deferred tax asset at 1 January 2019	183
Charge to profit	(90)
Adjustment in respect of previous periods	-
<b>Deferred tax asset at 31 December 2019</b>	<b>93</b>

Deferred tax assets in respect of tax losses and other deductible temporary differences have only been recognised to the extent that it is more likely than not, that sufficient taxable profits will be available to allow the asset to be recovered. The Company has no deferred tax assets recognised relating to prior year tax losses (2018: £959k).

**Mendeley Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 December 2019**

**6. Personnel**

From 1 July 2013, the company had no employees and has not borne any costs for the remuneration of Directors. Service charges associated with staff costs are recharged to the Company by Elsevier Ltd., a related party. It is not practicable to allocate remuneration for the services of the directors to Mendeley Limited.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Service charges are as follows:</b>		
Wages and salaries	4,722	3,782
Social security costs	664	628
Other pension costs	125	218
	<u>5,511</u>	<u>4,628</u>

**7. Intangible assets**

	<b>£'000</b>
<b>Cost</b>	
At 1 January 2019	4,460
Additions	<u>-</u>
At 31 December 2019	<u>4,460</u>
<b>Amortisation</b>	
At 1 January 2019	4,018
Charge for the year	<u>306</u>
At 31 December 2019	<u>4,324</u>
<b>Net book value</b>	
At 31 December 2019	<u>136</u>
At 31 December 2018	<u>442</u>

**Mendeley Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 December 2019**

**8. Property, plant, and equipment**

	<b>£'000</b>
<b>Cost</b>	
At 1 January 2019	187
Additions	<u>-</u>
At 31 December 2019	<u>187</u>
<b>Depreciation</b>	
At 1 January 2019	128
Charge for the year	<u>37</u>
At 31 December 2019	<u>165</u>
<b>Net book value</b>	
At 31 December 2019	<u>22</u>
At 31 December 2018	<u>59</u>

**9. Trade and other receivables**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	2	69
Amounts owed by fellow subsidiaries	<u>8,041</u>	<u>8,218</u>
	<u>8,043</u>	<u>8,287</u>

Amounts owed by subsidiary undertakings are non-interest bearing and repayable on demand.

**Mendeley Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 December 2019**

**10. Trade and other payables**

	2019 £'000	2018 £'000
		(Restated)
Deferred revenue	610	676
Amounts owed to fellow subsidiaries	15,126	16,988
Corporation tax	16,010	3,761
Accruals	785	812
	<u>32,531</u>	<u>22,237</u>

Amounts owed to subsidiary undertakings are non-interest bearing and repayable on demand.

**11. Called up share capital and share premium**

	2019 £'000	2018 £'000
<b>Authorised, allotted, called up and fully paid:</b>		
28,084,711 ordinary shares of £0,0001 each (2018: 28,084,711)	3	3
	<u>3</u>	<u>3</u>

**12. Other reserves**

	£'000
Balance at 1 January 2019 (Restated)	(22,720)
Retained deficit for the year	(11,051)
At 31 December 2019	<u>(33,771)</u>

**13. Ultimate parent undertaking and controlling party**

The Company's immediate parent undertaking is RELX (UK) Ltd and the ultimate parent and controlling entity is RELX PLC, a company incorporated in Great Britain. The smallest and largest group into which the accounts of the Company for the year ended 31 December 2019 are consolidated is RELX PLC. Copies of the consolidated accounts may be obtained from its registered office 1-3 Strand, London WC2N 5JR.

**14. Related party information**

The Company is exempt under the terms of FRS 101 paragraph 8(k) from disclosing related party transactions with entities that are part of RELX PLC. There were no other related party transactions in the current or prior year.