HINDAWI LIMITED

Financial Statements

For the year ended 31 December 2019

Company Information

Directors	A Hindawi P Peters P Flood N Abdelmottaleb
Registered number	08671628
Registered office	3rd Floor, Adam House 1 Fitzroy Square London W1T 5HF
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG
Bankers	Santander UK plc 2 Triton Square, Regent's Place, London NW1 3AN

Contents

Strategic Report

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

Strategic Review

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

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

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

In comparison with the results for the Hindawi journal portfolio in 2018, revenues decreased by $0.2m, or a decrease of 1% year on year. Compared to 2018, publishing partnership revenues decreased by $0.8m, or a decrease of 20% year on year.

Net assets decreased by $0.7m from 2018 to be $30.6m. This is attributable to the loss for the year. External debt owed to the Directors and Associated Company declined by $6.7m in the year.

The main focus for the business in 2019 was to transfer all remaining operations away from Hindawi Publishing Corporation to either our established third party vendors in India and the Philippines, or to our employees based in London or Romania, allowing Hindawi Publishing Corporation's operations to be closed down. In parallel to this, Hindawi has continued to develop Phenom, our new publishing platform, which will replace MTS, the publishing platform originally developed by Hindawi Publishing Corporation. Phenom is scheduled to replace MTS fully by mid-2020.

To support this transition Hindawi Limited continued to expand the London-based team, giving the capacity needed to manage editorial and production processes in London. In addition, Hindawi Limited established Hindawi RO SRL, a new subsidiary in Romania, to take over the responsibility for the technical and development services which had been with Hindawi Publishing Corporation. As part of this scale up of development resource, Hindawi RO SRL acquired 20 employees from a third party software development vendor that since January 2018 had been working with Hindawi to develop Phenom.

From 31st December 2019, the only ongoing connection to Hindawi Publishing Corporation will be the continuing repayment of the loan created by the transfer of the journal portfolio in 2016.

Such a significant change did have an impact on operations, however, and in the second half of the year editorial and production output was lower leading to lower billing and lower recognised revenues, which was despite manuscript submissions to our journals continuing to grow significantly on prior year throughout this period. However, it is expected that this backlog of under-review manuscripts will be cleared in 2020, leading to additional billing and recognised revenues in 2020 over and above those driven by submission growth trends.

With submission growth continuing to be strong and with a time of significant operational change now concluded, the directors consider the future prospects of the Company to be positive.

Principal Risks and Uncertainties

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

COVID-19: The worldwide COVID-19 pandemic in early 2020 has meant that the employees of Hindawi Limited, Hindawi RO SRL and the employees of Hindawi's third party vendors in India and the Philippines have been placed under restrictions on movement which have forced them to work from home. In the case of Hindawi Limited and Hindawi RO SRL, all employees have work laptops and Hindawi's systems are already set-up to allow employees to work remotely. For Hindawi's third party vendors, Hindawi's Chief Operations Officer has been working closely with them to identify and quantify any impact on their output due to their employees working from home. While the vendors are themselves looking to maximise output during this time, Hindawi has also contracted 20 experienced former staff of Hindawi Publishing Corporation at the start of April to form a new third party editorial team to boost output over the following six months. It is expected that even with a 20% drop in productivity due to lockdown measures, the additional headcount from this new team will enable output to meet or exceed pre-lockdown levels.

Worldwide Recession: A worldwide recession following the COVID-19 pandemic appears to be likely. While it is impossible to predict all the ways such a deep and far-reaching recession could impact Hindawi, so far demand for our services appears unaffected with manuscript submissions to Hindawi journals continuing to show our highest ever growth. Our expectation is that through such a recession, governments and institutions will continue to invest in scientific research, particularly in areas such as medicine which are core to our portfolio, and so there will be continue to be a strong demand for our services. However, should demand temporarily fall, Hindawi's use of third party vendors for editorial and production activities does allow for these costs to be reduced in line with usage mitigating some of the impact on revenues.

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

Currency Risk: The majority of Hindawi's business is conducted in US Dollars including revenue collection and all external vendor invoices. All of the debt against the Company is in US Dollars. Currency risk arises around funding the Pounds Sterling costs of the UK office and payroll. Hindawi closely monitors the exchange movements between US Dollars and Pounds Sterling and during 2018 put in place a facility to be able to forward buy Pounds Sterling at a fixed rate enabling the business to gain some certainty around future costs in US Dollar terms.

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

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

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

Political Risk: Hindawi Publishing Corporation, based in Cairo, had been the largest vendor of services to Hindawi Limited, providing services including software development, editorial, production and back office support. There is a certain amount of political risk associated with Egypt, however in July 2019 Hindawi Limited gave notice on the services agreement with Hindawi Publishing Corporation, with the agreement ending on 31st December 2019.

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

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

Paul Flood

Paul Flood
Director

Date: 20 August 2020

Directors Report

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

Directors

The directors who served during the year were

A Hindawi
P Peters
P Flood
N Abdelmottaleb

Directors responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Each of the directors confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

To the best of our knowledge:

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

Post Balance Sheet Events

On 9th March 2020 Mai Hindawi transferred 500,000 Ordinary Shares and 50,000 A1 Ordinary Shares to Ahmed Hindawi and 500,000 Ordinary Shares and 50,000 A1 Ordinary Shares to Nagwa Abdelmottaleb. Both Ahmed Hindawi and Nagwa Abdelmottaleb's share holdings were increased from 32.5% to 37.5% and Mai Hindawi's share holding decreased from 10% to zero. Yasmeen Hindawi continues to have a share holding of 10%.

In the first half of 2020, many governments around the world imposed restrictions designed to prevent the rapid spread of COVID-19, which for many businesses led to a significant interruption to commercial and operational activity. Management have assessed the short-term impact on Hindawi Group as well as the projected long-term risk and have determined there has been no material commercial or operational impact and nor does management expect there to be any material impact.

Going Concern

After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has received letters of support from Hindawi Publishing Corporation and from Ahmed Hindawi in relation to his Director's Loan confirming that these loans will not be recalled within 12 months of the signing of these financial statements. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Auditor

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

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

Paul Flood

Paul Flood
Director

Date: 20 August 2020

Grant Thornton

Independent auditor's report to the members of Hindawi Limited

Opinion

We have audited the financial statements of Hindawi Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Group and Company Statement of Comprehensive Income, the Group and Company Statement of Financial Position, the Group and Company Cash Flow Statement, the Group and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's 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. We are independent of the group and the parent 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Grant Thornton

Independent auditor's report to the members of Hindawi Limited

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the group's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the group's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group will continue in operation.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

GrantThornton

Independent auditor's report to the members of Hindawi Limited

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Grant Thornton

Independent auditor's report to the members of Hindawi Limited

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.

UK LLP

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

Date: 20 August 2020

HINDAWI LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	Group 2019 $	Group 2018 Restated $	Company 2019 $	Company 2018 Restated $
Turnover	6	25,578,746	26,630,240	25,578,746	26,630,240
Cost of Sales		(9,676,260)	(9,840,327)	(9,676,260)	(9,840,327)
Gross Profit		15,902,486	16,789,913	15,902,486	16,789,913
Administrative expenses	7	(16,324,458)	(9,451,981)	(16,401,916)	(9,451,981)
Profit on ordinary activities before taxation	8	(421,972)	7,337,932	(499,430)	7,337,932
Interest Receivable and Similar Income		8	-	8	-
Interest Payable and Similar Charges		(127,067)	(54)	(126,140)	(54)
Gain / (Loss) on Derivatives	17	158,451	-	158,451	-
Profit Before Taxation		(390,580)	7,337,878	(467,111)	7,337,878
Tax on profit on ordinary activities	10	(353,633)	(1,526,760)	(346,725)	(1,526,760)
Profit for the financial year		(744,213)	5,811,118	(813,836)	5,811,118
Translation of Foreign Subsidiary		(2,630)	-	-	-
Total comprehensive income for the financial year		(746,843)	5,811,118	(813,836)	5,811,118
Total comprehensive income for the financial year attributable to:					
Owners of the parent		(704,013)	5,811,118	(771,006)	5,811,118

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	Group 2019	Group 2018 Restated	Company 2019	Company 2018 Restated
		$	$	$	$
Fixed assets					
Intangible Assets	12	52,430,894	53,842,800	51,820,019	53,842,800
Tangible Assets	13	942,224	154,734	878,564	154,734
Investments in Subsidiaries	14	-	-	12,459	-
		53,373,118	53,997,534	52,711,042	53,997,534
Current assets					
Debtors	15	27,852,626	28,164,812	27,812,600	28,164,812
Cash at bank and in hand		1,127,186	1,343,271	1,113,940	1,343,271
		28,979,812	29,508,083	28,926,540	29,508,083
Creditors: falling due within one year	16	(51,349,638)	(52,149,982)	(50,701,283)	(52,149,982)
Net current assets		(22,369,826)	(22,641,899)	(21,774,743)	(22,641,899)
Total assets less current liabilities		31,003,292	31,355,635	30,936,299	31,355,635
Creditors: falling due after one year	17	(384,409)	-	(384,409)	-
Provisions for liabilities	18	(48,896)	(39,270)	(48,896)	(39,270)
Net assets		30,569,987	31,316,365	30,502,994	31,316,365
Capital and reserves					
Called up share capital	19	10,010,000	10,009,535	10,010,000	10,009,535
Share premium account	20	16,000,000	16,000,000	16,000,000	16,000,000
Translation reserve	20	110,644	113,274	113,274	113,274
Profit and loss account	20	4,449,343	5,193,555	4,379,720	5,193,555
		30,569,987	31,316,365	30,502,994	31,316,365

The financial statements were approved by the Board of Directors on 20 August 2020.

Signed on behalf of the board of directors:

Paul Flood

Paul Flood
Director

Company registration no: 08671628

HINDAWI LIMITED

CASH FLOW STATEMENT

For the year ended 31 December 2019

	Note	Group 2019 $	Group 2018 Restated $	Company 2019 $	Company 2018 Restated $
Cash flows from operating activities					
Profit/(Loss) for the financial year before tax		(390,580)	7,337,878	(467,111)	7,337,878
		(390,580)	7,337,878	(467,111)	7,337,878
Adjustments for:					
Translation of Foreign Subsidiary		(2,630)	-	-	-
Gain on Derivatives		(158,451)	-	(158,451)	-
Amortisation of intangible assets		4,447,578	4,393,937	4,447,284	4,393,937
Depreciation of tangible assets		95,260	51,613	91,661	51,613
(Gain)/Loss from the sale of assets		3,772	(57)	3,772	(57)
Interest charges		127,067	-	126,140	-
(Increase) in trade and other debtors		132,176	(782,016)	286,984	(782,016)
Increase/(decrease) in trade creditors		1,720,962	(1,128,539)	1,079,515	(1,128,539)
Cash from operations		6,524,185	2,534,938	6,035,356	2,534,938
Net cash generated from operating activities		5,975,154	9,872,816	5,409,794	9,872,816
Cash flows from investing activities					
Proceeds from sale of tangible assets		129	2,314	129	2,314
Purchases of tangible assets		(886,650)	(65,092)	(819,391)	(65,092)
Purchases of intangible assets		(3,035,672)	(941,964)	(2,424,503)	(941,964)
Shares in Subsidiaries		-	-	(12,459)	-
Net cash from investing activities		(3,922,193)	(1,004,742)	(3,256,224)	(1,004,742)
Cash flows from financing activities					
Issue of ordinary share capital		-	-	-	-
Issue of A1 ordinary share capital		-	-	-	-
Issue of A2 ordinary share capital		488	60	488	60
Cancellation of A2 ordinary share capital		(23)	(190)	(23)	(190)
Cancellation of ordinary share capital		-	-	-	-
Amounts Due from Shareholders		(148)	290	(148)	290
Bank Loans		4,600,408	-	4,600,408	-
Bank Loans Interest Payments and Fees		(127,067)	-	(127,067)	-
Bank Loans Repayments		-	-	-	-
Loans to Subsidiaries		-	-	(113,855)	-
Loans from Associated Companies		(5,642,858)	(8,050,000)	(5,642,858)	(8,050,000)
Directors Loans		(1,099,846)	(1,350,154)	(1,099,846)	(1,350,154)
Net cash used in financing activities		(2,269,046)	(9,399,994)	(2,382,901)	(9,399,994)
Net increase in cash and cash equivalents		(216,085)	(531,920)	(229,331)	(531,920)
Cash and cash equivalents at the beginning of year		1,343,271	1,875,191	1,343,271	1,875,191
Cash and cash equivalents at end of year		1,127,186	1,343,271	1,113,940	1,343,271

HINDAWI LIMITED

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2019

Group

	Called-up share capital	Share premium account	Profit and loss account	Translation reserve	Total
	$	$	$	$	$
At 1 January 2018	10,009,665	16,000,000	(617,563)	113,274	25,505,376
Profit and total comprehensive income for the year	-	-	4,874,794	-	4,874,794
Issue of A2 ordinary shares	60	-	-	-	60
Cancellation of A2 ordinary shares	(190)	-	-	-	(190)
At 31 December 2018	10,009,535	16,000,000	4,257,231	113,274	30,380,040
Restatement (Note 5)	-	-	936,325	-	936,325
At 31 December 2018	10,009,535	16,000,000	5,193,556	113,274	31,316,365
Profit and total comprehensive income for the year	-	-	(744,213)	-	(744,213)
Translation of Foreign Subsidiary	-	-	-	(2,630)	(2,630)
Issue of A2 ordinary shares	488	-	-	-	488
Cancellation of A2 ordinary shares	(23)	-	-	-	(23)
At 31 December 2019	10,010,000	16,000,000	4,449,343	110,644	30,569,987

Company

	Called-up share capital	Share premium account	Profit and loss account	Translation reserve	Total
	$	$	$	$	$
At 1 January 2018	10,009,665	16,000,000	(617,563)	113,274	25,505,376
Profit and total comprehensive income for the year	-	-	4,874,794	-	4,874,794
Issue of A2 ordinary shares	60	-	-	-	60
Cancellation of A2 ordinary shares	(190)	-	-	-	(190)
At 31 December 2018	10,009,535	16,000,000	4,257,231	113,274	30,380,040
Restatement (Note 5)	-	-	936,325	-	936,325
At 31 December 2018	10,009,535	16,000,000	5,193,556	113,274	31,316,365
Profit and total comprehensive income for the year	-	-	(813,836)	-	(813,836)
Issue of A2 ordinary shares	488	-	-	-	488
Cancellation of A2 ordinary shares	(23)	-	-	-	(23)
At 31 December 2019	10,010,000	16,000,000	4,379,720	113,274	30,502,994

1 Company information

The company is Limited Liability incorporated in the United Kingdom. The registered office is 3rd Floor, Adam House, 1 Fitzroy Square, London, W1T 5HF.

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

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

2 Basis of preparation

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

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

Consolidation

These financial statements present a consolidated view of Hindawi Limited and its 100% owned and controlled subsidiary, Hindawi RO SRL, which are collectively referred to as the Group. As there are no limitations or restrictions on Hindawi Limited's ability to exercise control over Hindawi RO SRL, with no third party limiting the exercise of voting rights or restricting the transfer of funds to the parent, Hindawi RO SRL has been consolidated in full.

Hindawi RO SRL's base currency is the Romanian New Leu (RON). Hindawi RO SRL has a 31st December reporting date with the statement of financial position being converted to US Dollars at the 31st December 2019 exchange rate of 4.2687.

In the separate Company financial statements for Hindawi Limited, equity in Hindawi RO SRL is presented at cost.

Going concern

After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The Group has received letters of support from Hindawi Publishing Corporation and from Ahmed Hindawi in relation to his Director's Loan confirming that these loans will not be recalled within 12 months of the signing of these financial statements. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

3 Significant judgements and estimates

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

- Book value of the intangible assets: Management's assumption is that the focus of the business is to develop the Hindawi brand and the portfolio of the journals owned by Hindawi Limited. As such at the balance sheet date, management's view is that there has been no impairment against the cost value.
- Capitalisation of software development: Management has reappraised its historic treatment of software development expenditure, particularly the development of Phenom, and has elected to capitalise this expenditure as is permitted under FRS 102. Management have taken the decision to change the accounting policy and capitalise Phenom development expenditure to properly reflect that through this expenditure an operational asset is being created which will have a useful life of at least five years, which would not have been apparent had this expenditure continued to be expensed through Administration Expenses. In line with this change in accounting policy, an adjustment was made in 2019 capitalising $836,345 of 2018 expenditure on Phenom development and a further $99,980 of 2018 expenditure on developing our third party marketing system, increasing retained earnings by the total amount of $936,325.
  Please refer to Note 5 for the full impact of this change in accounting policy on current and prior year statements.
- Other Intangibles: On 31st December 2019 Hindawi RO SRL paid $705,814 to the third-party software development company that had been working with Hindawi to develop Phenom to acquire the 20 employees. Management have determined the portion of this cost equivalent to the market rate for recruitment of these employees to be $96,497 and that this portion should be recognised as an operating expense in 2019 while the remaining $609,317 would be treated as an intangible asset and amortised over 3 years, the expected useful life of the acquired team.

Carrying values at 31 December 2019 were:

- Journal Titles $47,684,024
- Brand, Domain Names and Trade Marks $802,565
- Computer Software $137,900
- Phenom Development $3,197,088
- Other Intangibles $609,317

The intangible asset of $609,317 arising from the acquisition of the third-party software development team of 20 employees is held in its entirety on the balance sheet of Hindawi RO SRL.

The Brand, Domain Names and Trade Marks carrying value of $802,565 includes $1,560 for Hindawi RO SRL domain names which are held on the Hindawi RO SRL balance sheet. The remaining $801,005 correspond to the carrying value of brand, domain names and trademarks acquired from Hindawi Publishing Corporation by Hindaw Limited on 31st December 2016.

4 Principal accounting policies

4.1 Intangible assets

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

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

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

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

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

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

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

4.2 Tangible assets

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

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

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

4.3 Impairment of assets

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

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

4.4 Debtors

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

4.5 Creditors

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

4.6 Leases

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

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

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

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

4.7 Provisions for liabilities

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

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

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

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

4.8 Taxation

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

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

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

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

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

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

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

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

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

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

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

4.9 Turnover

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

Article Processing Charges

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

Printed Copy Subscriptions and Article Reprints

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

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

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

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

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

4.11 Foreign currency translation

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

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

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

5 Restatements

In 2019 management changed the accounting policy for software development, electing to classify development expenditure on Phenom and development expenditure on our third-party marketing system as intangible assets as permitted under FRS 102. Management have taken the decision to change the accounting policy and capitalise Phenom development expenditure to properly reflect that through this expenditure an operational asset is being created which will have a useful life of at least five years, which would not have been apparent had this expenditure continued to be expensed through Administration Expenses.

As a consequence of this change in accounting policy, comparatives for 2018 have been restated to present this 2018 development expenditure as capitalised in 2018. This has the following impact on 2018:

- $836,345 of 2018 Administration Expenses capitalised as 2018 Phenom Development
- $99,980 of 2018 Administration Expenses capitalised as 2018 Computer Software

This in turn leads to the following impacts on the Group and Company financial statements for 2018:

	2018 **Restated** $	2018 Reported $
Statement of Comprehensive Income:		
Administration Expenses	**(9,450,981)**	(10,387,306)
Profit for the Financial Year	**5,811,118**	4,874,793
Statement of Financial Position:		
Phenom Development	**836,345**	-
Computer Software	**470,283**	370,303
Journal Titles	**51,668,310**	51,668,310
Brand, Domain Names and Trade Marks	**867,862**	867,862
Total Intangible Assets	**53,842,800**	52,906,475
Profit and loss account	**(5,193,555)**	(4,257,230)
Cash Flow Statement:		
Profit/(Loss) for the financial year before tax	**7,337,878**	6,401,553
Purchases of intangible assets	**(941,964)**	(5,639)

6 Turnover

Turnover for Group and Company, analysed geographically between markets, was as follows:

	2019 $	2018 $
Asia	18,274,255	18,093,633
Europe	3,621,795	4,334,747
North America	1,682,335	2,029,254
South America	672,806	814,423
Africa	380,680	359,027
Rest of the World	946,875	999,156
	25,578,746	26,630,240

Turnover for Group and Company, analysed by category, was as follows:

	2019 $	2018 $
Article Processing Charges	24,927,397	25,980,466
Institutional Memberships	184,332	297,003
Printed Copy Subscriptions and Article Reprints	302,963	248,466
Publishing Services	99,360	43,400
Other Revenue	64,694	60,905
	25,578,746	26,630,240

7 Administrative Expenses

Administrative expenses include the following material one-off expenses:

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Cairo Closure Costs	2,672,498	-	2,672,498	-
Investment Professional Fees	335,808	-	335,808	-
Acquisition Costs	211,751	-	-	-
	3,220,057	-	3,008,306	-

Cairo Closure Costs are the costs of employee severance and capital expenditure write-off recharged to Hindawi Limited by Hindawi Publishing Corporation following termination of the exclusive service agreement between the two companies.

Investment Professional Fees are the professional fees incurred in 2019 as Hindawi Limited explored the possibility of acquiring external investment in 2020.

Acquisition Costs are the portion of third-party software development team buy-out fees determined to be equivalent to the market rate recruitment fees for these staff; as would be the case with recruitment fees, Hindawi RO SRL recharged this cost to Hindawi Limited on 31st December 2019. The remaining buy-out fees, however, were accounted for as an Hindawi RO SRL intangible asset and will be amortised over 3 years commencing 1st January 2020.

8 Profit on Group ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	2019 $	2018 $
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the company's annual accounts	48,869	39,283
Fees payable to the company's auditor and its associates for other services:		
Tax compliance services	6,670	5,890
Tax advisory services	15,145	17,606
Total services relating to taxation	21,815	23,496
Total	55,147	62,779
Foreign exchange losses	239,012	13,390
(Profit)/Loss from the sale of fixed assets	3,772	(57)
Other operating lease rentals	545,784	372,325

9 Directors and employees

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

	Group 2019 $	Group 2018 $	**Company 2019 $**	Company 2018 $
Wages, salaries and bonuses	**4,327,258**	2,823,071	**4,021,635**	2,823,071
Social security costs	**479,732**	355,666	**472,855**	355,666
Other pension costs	**274,291**	152,449	**274,291**	152,449
	5,081,281	3,331,186	**4,404,476**	3,331,186

The company operates a defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pensions provider. Pension payments recognised as an expense during the year amount to $274,291 (2018: $152,449).

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

	Group 2019 Number	Group 2018 Number	**Company 2019 Number**	Company 2018 Number
Management & Administration	**13**	6	**12**	6
Commercial	**10**	6	**10**	6
Publishing	**13**	6	**13**	6
Operations	**12**	6	**12**	6
Product & Technology	**10**	5	**6**	5
	58	29	**53**	29

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

	2019 $	2018 $
Emoluments	**630,312**	659,438
Pension contributions to money purchase pension schemes	**23,597**	18,113
	653,909	677,551

During the year 1 director (2018: 1) participated in money purchase pension schemes.

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

	2019 $	2018 $
Emoluments	**461,975**	484,219
	461,975	484,219

Key Management Personnel during the year were :
Paul Peters, Chief Executive Officer
Paul Flood, Chief Financial Officer

10 Group tax on profit on ordinary activities

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

	2019 $	2018 $
UK Corporation Tax	848	1,324,185
UK Corporation Tax: adjustment in respect of prior periods	7,268	157,268
Total current tax	8,116	1,481,453
Deferred taxation: origination and reversal of timing differences	329,961	45,200
Deferred taxation: adjustments in respect of prior periods	8,648	107
Tax on results on ordinary activities	346,725	1,526,760

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 19.00% (2018: 19%). The differences are explained as follows:

Profit on ordinary activities before tax	(467,111)	6,401,554
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2018: 19%)	(88,751)	1,216,295
Income not taxable for tax purposes	(6)	-
Adjustments to brought forward values	(7,463)	8
Expenses not deductible for tax purposes	299,793	4,876
Adjustments to tax charge in respect of previous periods – current tax	(6,002)	161,503
Adjustments to tax charge in respect of previous periods – deferred tax	8,648	107
Fixed asset amortisation not deductible for tax purposes	166,075	166,457
Adjust closing deferred tax to average rate of 19% (2018: 19%)	(5,478)	34,358
Adjust opening deferred tax to average rate of 19% (2018: 19%)	(33,340)	(39,676)
Current tax (prior period) exchange difference arising on movements between opening and closing spot rates	13,270	(4,235)
Current tax (current period) exchange difference arising on movements between opening and closing spot rates	(21)	(12,933)
Tax on results on ordinary activities	346,725	1,526,760

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is $346,725 (2018: $1,526,760).

11 Deferred taxation for Group and Company

Deferred taxation provided for at 19.00% (2018: 19.00%) in the financial statements is set out below:

	2019 $	2018 $
Accelerated capital allowance	(287,782)	3,585
Short term timing differences	17,065	3,223
Tax losses carried forward	224,150	285,234
	(46,567)	292,042

12 Intangible fixed assets

Group Fixed Assets

	Journal Titles	Brand, Domain Names and Trade Marks	Computer Software	Phenom Develop-ment	Other Intangibles	Total
	$	$	$	$	$	$
Cost						
At 1 January 2019	59,764,305	1,001,887	1,046,432	-	-	61,812,624
Restatements (Note 5)	-	-	99,980	836,345	-	936,325
At 1 January 2019	**59,764,305**	**1,001,887**	**1,146,412**	**836,345**	**-**	**62,748,949**
Additions	-	1,852	63,760	2,360,743	609,317	3,035,672
At 31 December 2019	**59,764,305**	**1,003,739**	**1,210,172**	**3,197,088**	**609,317**	**65,784,621**
Depreciation and impairment						
At 1 January 2019	8,095,995	134,025	676,129	-	-	8,906,149
Restatements (Note 5)	-	-	-	-	-	-
At 1 January 2019	**8,095,995**	**134,025**	**676,129**	**-**	**-**	**8,906,149**
Charge for the year	3,984,286	67,149	396,143	-	-	4,447,578
At 31 December 2019	**12,080,281**	**201,174**	**1,072,272**	**-**	**-**	**13,353,727**
Net book amount at 31 December 2019	**47,684,024**	**802,565**	**137,900**	**3,197,088**	**609,317**	**52,430,894**
Net book amount at 31 December 2018	51,668,310	867,862	470,283	836,345	-	53,842,800

Other Intangibles assets consist of the capitalised acquisition costs of a software development team of 20 employees bought out from our long-time third-party software development supplier in Romania; this transaction occurred on 31st December 2019 and as no employees acquired through this buy out have to date left the company, Management have determined there is no need to review this for potential impairment.

Company Fixed Assets

	Journal Titles	Brand, Domain Names and Trade Marks	Computer Software	Phenom Develop-ment	Other Intangibles	Total
	$	**$**	**$**	**$**	**$**	**$**
Cost						
At 1 January 2019 - Reported	59,764,305	1,001,887	1,046,432	-	-	61,812,624
Restatements (Note 5)	-	-	99,980	836,345	-	936,325
At 1 January 2019 - Restated	**59,764,305**	**1,001,887**	**1,146,412**	**836,345**	**-**	**62,748,949**
Additions	-	-	63,760	2,360,743	-	2,424,503
At 31 December 2019	**59,764,305**	**1,001,887**	**1,210,172**	**3,197,088**	**-**	**65,173,452**
Depreciation and impairment						
At 1 January 2019 - Reported	8,095,995	134,025	676,129	-	-	8,906,149
Restatements (Note 5)	-	-	-	-	-	-
At 1 January 2019 - Restated	**8,095,995**	**134,025**	**676,129**	**-**	**-**	**8,906,149**
Charge for the year	3,984,286	66,855	396,143	-	-	4,447,284
At 31 December 2019	**12,080,281**	**200,880**	**1,072,272**	**-**	**-**	**13,353,433**
Net book amount at 31 December 2019	**47,684,024**	**801,007**	**137,900**	**3,197,088**	**-**	**51,820,019**
Net book amount at 31 December 2018	51,668,310	867,862	470,283	836,345	-	53,842,800

13 Tangible fixed assets

Group Fixed Assets

	Leasehold Improvements $	Fixtures and Fittings $	Computer Equipment $	Total $
Cost				
At 1 January 2019	78,259	76,472	112,242	266,973
Additions	733,764	57,432	96,046	887,242
Disposals	-	-	(6,093)	(6,093)
At 31 December 2019	**812,023**	**133,904**	**202,195**	**1,148,122**
Depreciation				
At 1 January 2019	23,949	30,688	57,602	112,239
Provided in the year	40,111	20,538	34,643	95,292
Disposals	-	-	(1,633)	(1,633)
At 31 December 2019	**64,060**	**51,226**	**90,612**	**205,898**
Net book amount at 31 December 2019	**747,963**	**82,678**	**111,583**	**942,224**
Net book amount at 31 December 2018	54,310	45,784	54,640	154,734

Company Fixed Assets

	Leasehold Improvements	Fixtures and Fittings	Computer Equipment	Total
	$	$	$	$
Cost				
At 1 January 2019	78,259	76,472	112,242	266,973
Additions	733,764	48,493	37,726	819,983
Disposals	-	-	(6,093)	(6,093)
At 31 December 2019	**812,023**	**124,965**	**143,875**	**1,080,863**
Depreciation				
At 1 January 2019	23,949	30,688	57,602	112,239
Provided in the year	40,111	19,905	31,677	91,693
Disposals	-	-	(1,633)	(1,633)
At 31 December 2019	**64,060**	**50,593**	**87,646**	**202,299**
Net book amount at 31 December 2019	**747,963**	**74,372**	**56,229**	**878,564**
Net book amount at 31 December 2018	54,310	45,784	54,640	154,734

14 Investments in Subsidiaries

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

15 Debtors

	Group 2019 $	Group 2018 Restated $	Company 2019 $	Company 2018 Restated $
Trade debtors	461,864	749,711	461,864	749,711
Amounts owed by associated undertakings	-	202,195	-	202,195
Amounts due from Shareholders	25,999,937	25,999,789	25,999,937	25,999,789
Amounts due from Directors	27,447	25,534	27,447	25,534
Rent deposit	232,845	222,968	232,845	222,968
Value Added Tax	252,869	117,003	105,050	117,003
Deferred Tax Asset	(46,567)	292,042	(46,567)	292,042
Other debtors	16,316	6,867	16,316	6,867
Prepayments and accrued income	749,464	548,703	742,475	548,703
Intercompany loan and interest	-	-	114,782	-
Short-term derivative asset	158,451	-	158,451	-
	27,852,626	28,164,812	27,812,600	28,164,812

An impairment loss of $Nil (2018: $Nil) was recognised against trade debtors.

16 Creditors: amounts falling due within one year

	Group 2019 $	Group 2018 Restated $	Company 2019 $	Company 2018 Restated $
Loan Facility	4,000,000	-	4,000,000	-
Asset Finance Facility	215,999	-	215,999	-
Trade creditors	1,755,025	880,021	2,119,270	880,021
Amounts owed to associated undertakings	38,007,142	43,650,000	38,007,142	43,650,000
Corporation Tax	(13,148)	585,233	(18,252)	585,233
Taxation and social security	260,453	174,792	259,389	174,792
Amounts owed to Directors	1,802,591	2,902,437	1,802,591	2,902,437
Deferred revenue	3,135,803	3,144,492	3,135,803	3,144,492
Other creditors	260,805	73,692	95,834	73,692
Accruals	1,924,968	739,315	1,083,507	739,315
	51,349,638	52,149,982	50,701,283	52,149,982

17 Financial Instruments

Loan Facility

On 8th August 2019, Hindawi signed a $6,000,000 loan facility agreement with Santander UK plc to fund the closedown of Hindawi Publishing Corporation and the set-up of Hindawi RO SRL. $4,000,000 was drawn down in 2019 in two $2,000,000 tranches, one on 8th August 2019 and one on 9th October 2019. (The final $2,000,000 was drawn down on 4th February 2020.) The term of the agreement is 36 months with the first repayment of $600,000 made 9 months after the first drawdown date and then every 3 months thereafter to the end of the term. The interest rate is 3 month LIBOR + 2.25% with the 3 month LIBOR rate on the first day of each three month period in the term used for the duration of those 3 months. In addition to interest charges there was a 1% arrangement fee of $60,000 paid upon the first drawdown.

While management's forecasts demonstrate that Hindawi will continue to be within loan covenants throughout the term of the loan, management have interpretated the conditions of the loan agreement and associated debenture to warrant treatment of the full balance of the loan as a current liability.

Asset Finance Facility

On 30th July 2019, Hindawi signed a £500,000 Asset Finance agreement with Santander UK plc to fund the refurbishment of the 4th floor of the current office building, with the asset created by the refurbishment then used as security. The facility was drawn down in full in 2019 as two tranches, one of £393,112 and one of £106,888 with a fixed interest rate of 3% applied to both. The term of the agreement is 36 months with repayments for each trache made in 36 equal instalments. In addition to interest charges there was also an arrangement fee of £5,200 paid upon the first drawdown.

At 31st December 2019 the $600,408 balance on the asset finance facility has been calculated to be split between a $384,409 non-current liability and a $215,999 current liability.

Foreign Exchange Forward Contracts

In 2019, Hindawi arranged a number of US Dollar forward exchange contracts for Pounds Sterling and Euros in order to give certainty to the US Dollar cost of our UK and Romanian overheads. At 31st December 2019 there were 29 open trades, 18 for Pounds Sterling and 11 for Euros. Using their fair values at the balance sheet date, there was a net gain of $158,451.

Where possible, fair values have been determined using the counterparty's own mark to market valuation. However, where mark to market valuations were not available, fair values have been determined using Bank of England forward rates for 31st December, with the 1 month, 3 month, 6 month and 12 month forward rate used where closest to the maturity date.

	Group 2019 $	Group 2018 Restated $	**Company 2019** $	Company 2018 Restated $
Financial assets				
Financial assets measured at fair value through profit and loss	**1,285,637**	1,343,271	**1,272,391**	1,343,271
Financial assets that are debt instruments measured at amortised cost	**26,738,409**	27,207,064	**26,853,191**	27,207,064
	28,024,046	28,550,335	**28,125,582**	28,550,335
Financial liabilities				
Financial liabilities measured at fair value through profit and loss	-	-	-	-
Financial liabilities measured at amortised cost	**46,425,971**	47,506,150	**46,625,245**	47,506,150
	46,425,971	47,506,150	**46,625,245**	47,506,150

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

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

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

18 Provisions for Group and Company liabilities

	Leave pay $	**Total** $
At 1 January 2019	39,270	39,270
Additions	9,626	9,626
At 31 December 2019	**48,896**	**48,896**

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

19 Called up share capital

	2019	2018
	$	$
Authorised, allotted and fully paid:		
9,999,999 Ordinary shares of $1 each	9,999,999	9,999,999
1 Ordinary Share of $1 each	1	1
750,000 A1 Ordinary Shares of $0.01 each	7,500	7,500
250,000 A2 Ordinary Shares of $0.01 each	2,500	2,035
	10,010,000	10,009,535

Ordinary shares	**2019 Number**
At 1 January 2019	10,000,000
At 31 December 2019	**10,000,000**

A1 Ordinary shares	**2019 Number**
At 1 January 2019	750,000
At 31 December 2019	**750,000**

A2 Ordinary shares	**2019 Number**
At 1 January 2019	234,516
Share issue	17,800
Share cancellation	(2,344)
At 31 December 2019	249,972

A1 Ordinary shares were issued to all shareholders of Hindawi Publishing Corporation in proportion to their shareholding in that company.

A2 Ordinary shares were issued in 2017 to support the management incentive plan for Hindawi staff. These shares vest over a period of 8 years, with 12.5% of an employee's shares vesting on each anniversary of their issue to that employee. In 2019 there were 17,800 A2 shares issued to 15 staff; furthermore 2,344 A2 shares were cancelled when one employee resigned, forfeiting all unvested A2 shares

A1 Ordinary shares and A2 Ordinary shares rank after Ordinary shares as they:

- do not confer the right to vote at, attend or receive notice of, general meetings;
- only give the right to receive dividends after the payment of dividends to Ordinary shareholders has met a minimum hurdle requirement;
- only give right to the return of capital after the return of capital to Ordinary shareholders;
- only give rise to an acquisition payment after Ordinary shareholders have been paid for share acquisition (whether that be a trade sale, share sale or IPO).

However, A1 Ordinary shares and A2 Ordinary shares do rank equally to each other.

20 Reserves

	Called Up Share Capital	Share Premium	Profit and Loss Account	Translation Reserve	Total
	$	$	$	$	$
At 1 January 2019	10,009,535	16,000,000	5,193,556	113,274	31,316,365
Share Issue	488	-	-	-	488
Share Cancellation	(23)	-	-	-	(23)
Profit for the Year	-	-	(744,213)	-	(744,213)
Translation of Foreign Subsidiary	-	-	-	(2,630)	(2,630)
At 31 December 2019	**10,010,000**	**16,000,000**	**4,449,343**	**110,644**	**30,569,987**

Called-up share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account – includes all current and prior period retained profits and losses.

Translation reserve – arising following the change in functional currency in 2017. The opening balance represents the re-translation of the 2016 results using average monthly exchange rates compared to the the full year Pound Sterling result at the year end rate.

21 Leasing commitments

Hindawi Limited signed on 3rd April 2019 a lease for additional office space on the 4th Floor of the current office building at a value of £254,943 per year. This lease will run until 27th November 2026.

The new lease included a rent-free period for the first 3 months and then a further period of 9 months at one third rent. Rent of £42,491 was paid in 2019. The rent in following years will be the full £254,943 per year, however in March 2020 there is a one-time £5,762.41 credit to bring the billing periods for the two floors in line.

The existing lease for the 3rd Floor at a value of £292,500 per year will also now continue until 27th November 2026.

Based on the 31st December 2019 exchange rate of 1.32675, Hindawi Limited's future minimum operating lease payments as at 31st December 2019 are as follows:

	2019	2018
	$	$
Within one year	**718,675**	425,597
Between one and five years	**2,905,280**	2,728,061
More than five years	**1,218,847**	1,826,190

Hindawi RO SRL signed on 4th April 2019 a lease for office space at their current location at a value of €2,200 per calendar month. This lease can be terminated with 120 days notice at any point during the lease term and is not considered to represent a material leasing commitment.

22 Transactions with related parties

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Purchases from associated companies	**7,688,239**	6,057,728	**7,688,239**	6,057,728
Loans due to associated companies	**38,007,142**	43,650,000	**38,007,142**	43,650,000
Trade debtor amounts due from associates	**-**	202,195	**-**	202,195
Trade creditors amounts due to associates	**806,129**	498,320	**806,129**	498,320
Key management personnel compensation	**1,372,596**	1,212,932	**1,309,208**	1,212,932

Loans from Hindawi Publishing Corporation, an associated company, for $38,007,142 (2018: $43,650,000) are unsecured and are not interest bearing. This loan arose on the acquisition of intangible assets on 31 December 2016.

Ahmed Hindawi is a Director of Hindawi Limited and also holds 32.5% of the Ordinary Shares. At 31 December 2019 $1,800,000 (2018: $2,900,000) was owed by Hindawi Limited to Ahmed Hindawi following loan repayments totalling $1,100,000 being made to Ahmed Hindawi during the year.

Key management personnel are Paul Peters, Paul Flood, Richard Bennett, Andrew Smeall, Sarah Greaves, Craig Raybould and Marius Lupu. The $1,372,596 for 2019 key management personnel compensation includes Hindawi Limited payroll costs of $1,309,208 and Hindawi RO SRL payroll costs of $63,388.

23 Transactions with subsidiaries

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Purchases from subsidiaries	**746,487**	-	**746,487**	-
Loans due from subsidiaries	**113,855**	-	**113,855**	-
Loan interest due from subsidiaries	**927**	-	**927**	-
Trade debtor amounts due to subsidiaries	**366,405**	-	**366,405**	-

Hindawi Limited loaned Hindawi RO SRL $113,855 in 2019 as two separate loans of €50,000 to provide the working capital for the set-up and expansion of operations. These intercompany loans bear interest at a rate of Euro LIBOR + 2% and in 2019 they accrued interest of $927 (€828).

In 2019 Hindawi RO SRL provided $746,487 of software development services to Hindawi Limited with these services priced as the total Hindawi RO SRL operating costs plus a mark-up of 10%, in line with transfer pricing policies for similar companies in Romania.

24 Financial risk management

The group has exposures to three main areas of risk - foreign exchange currency exposure, liquidity risk and customer credit exposure.

Foreign exchange transactional currency exposure
The revenue of the Company is collected in US Dollars. The cost base of the London office is in Sterling Pounds. The Company closely monitors the rate of exchange between the two currencies and in September 2018 put in place a facility to able to forward book currency transactions in order to increase certainty of the US Dollar cost of maintaining the London office. The net exposure of each currency is monitored.

Liquidity risk
The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Company manages a profitable portfolio of journals, generating the funds to repay the debt used to acquire the journals. However, Hindawi Limited has also acquired both a loan facility and an asset finance facility which have been used to fund various projects which enabled Hindawi Limited to move operations away from Hindawi Publishing Corporation to established, lower cost third party vendors. The annual savings resulting from this are expected to fund loan repayments over the loan term.

Customer credit exposure
The receivables of the Company are a high volume of low value transactions, generally between $575 and $2,300. While the Company does see some issue with non payment, the levels are generally low and there are no individual defaults by a customer that are material. A team is in place that communicates regularly with the authors and generally payments for articles are made relatively quickly following article acceptance. Non-paying customers are not allowed to publish future articles with the Company before settling any previously written off debt.

25 Ultimate Parent Undertaking and Controlling Party

The company does not have a parent undertaking. The ultimate controlling parties of the company are Ahmed Hindawi and Nagwa Abdelmottaleb, each holding 32.5% of the Ordinary Shares as at 31st December 2019.

26 Post balance sheet events

On 9th March 2020 Mai Hindawi transferred 500,000 Ordinary Shares and 50,000 A1 Ordinary Shares to Ahmed Hindawi and 500,000 Ordinary Shares and 50,000 A1 Ordinary Shares to Nagwa Abdelmottaleb. Both Ahmed Hindawi and Nagwa Abdelmottaleb's share holdings were increased from 32.5% to 37.5% and Mai Hindawi's share holding decreased from 10% to zero. Yasmeen Hindawi continues to have a share holding of 10%.

In the first half of 2020, many governments around the world imposed restrictions designed to prevent the rapid spread of COVID-19, which for many businesses led to a significant interruption to commercial and operational activity. Management have assessed the short-term impact on Hindawi Group as well as the projected long-term risk and have determined there has been no material commercial or operational impact and nor does management expect there to be any material impact.