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Satisfying the need to know

Annual Report
2018

DMGT
Daily Mail and General Trust plc

Financial Highlights

Statutory Results†

Revenue
1,426m
2017: £1,564m

Operating profit/(loss)
£169m
2017: £(129)m

Profit/(loss) before tax
£692m
2017: £(112)m

Profit for the year
£688m
2017#: £342m

Earnings per share
194.7p
2017#: 97.8p

Dividend per share
23.3p
2017: 22.7p

Adjusted Measures

Revenue
£1,426m
2017#: £1,660m
2017 pro formaΩ: £1,564m

Operating margin*
10%
2017#: 12%
2017 pro formaΩ: 11%

Profit before tax*
£182m
2017#: £226m
2017 pro formaΩ: £216m

Earnings per share*
42.2p
2017#: 55.6p
2017 pro formaΩ: 54.8p

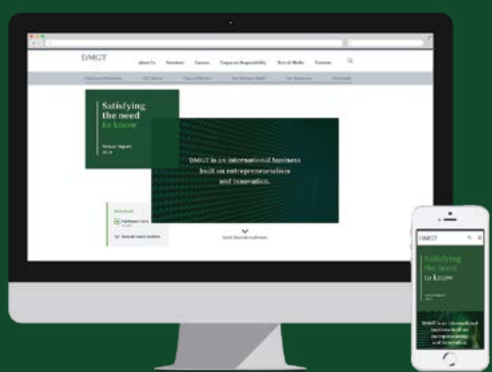
Cash operating income*
£155m
2017#: £199m
2017 pro formaΩ: £181m

Net cash/(debt)§:EBITDA
0.8x
2017: (1.4)x

£ million	FY 2018	FY 2017	Explanation
Statutory profit/(loss) before tax	692	(112)	
Discontinued operations	–	523	i
Exceptional operating costs	25	50	ii
Impairment of plant	–	42	iii
Intangible impairment and amortisation	95	282	iv
Profit on sale of assets	(658)	(530)	v
Pension finance (credit)/charge	(2)	5	vi
Other adjustments	30	(33)	vii
Adjusted profit before tax	182	226	

For explanations i to vii and more detailed tables please refer to pages 27 and 28.

† Statutory revenue, operating profit and profit before tax figures are for continuing operations only (excluding Euromoney).
# From continuing and discontinued operations.
* Before exceptional items, other gains and losses, impairment of goodwill and intangible assets, amortisation of intangible assets arising on business combinations, pension finance charges or credits and fair value adjustments; see Consolidated Income Statement on page 89 and the reconciliation in Note 13 to the Accounts.
Ω Pro forma FY 2017 figures have been restated to treat Euromoney as a c.49% owned associate for the whole year, consistent with the ownership profile during FY 2018. See reconciliation on page 25.
§ See Note 16 for details of Net cash. Net cash includes £237 million of short-term deposits maturing in December 2018.



Go online to www.dmgt.com to find out more

Strategic Report
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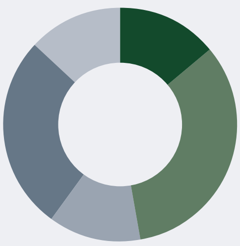
Shareholder Information

DMGT is an international business built on entrepreneurialism and innovation.

DMGT manages a diverse, multinational portfolio of companies, with total revenues of around £1.4 billion, that provides businesses and consumers with compelling information, analysis, insight, events, news and entertainment. DMGT is also a founding investor and the largest shareholder of Euromoney Institutional Investor PLC.



Maintaining a strong portfolio of businesses

Chairman's Statement

The Viscount Rothermere
Chairman

DMGT has significantly enhanced its financial flexibility and continues to benefit from the resilience of its diversified portfolio.

"The quality of our businesses, combined with our balance sheet strength, creates opportunities for growth and the ability to deliver long-term returns to shareholders."

The strategic decisions that we have taken are enhancing our business model and underpin our commitment to delivering profitable growth across a diversified and resilient portfolio.

As your Chairman, I am proud that we have continued to focus on creating sustainable value for our shareholders and remain confident in our strategy that reinforces our long-term approach to investment. We back entrepreneurial businesses with patient capital. We look for opportunities in markets that are undergoing rapid change, recognising that there is a balance between reward and risk. We seek to nurture young companies as they grow and develop them into the strong cash generators of the future.

Business highlights

I am pleased that FY 2018 provided evidence of the merits of this approach. We continued to deliver strong cash flows from our 'Operating at scale' businesses, such as the Mail Newspapers, and the combination of increased revenues and an improving margin from our 'Focused growth' businesses. We also moved into a net cash position following the sale of our c.30% stake in ZPG Plc, the owner of Zoopla.

These actions, combined with our ongoing focus on improving operational execution and active portfolio management, give us confidence in the long-term outlook for the Group.

The Board is pleased to recommend a 3% increase in the final dividend per share for FY 2018, giving a total dividend for the year of 23.3 pence per share, an increase of 3%, continuing DMGT's long-standing commitment to delivering sustainable annual real dividend growth.

DMGT received £642 million for its stake in ZPG Plc, taking our total cash returns from property portals to c.£880 million since first investing in 2004, or 14 times our total investment.

The investment, support and exit strategy epitomises DMGT's entrepreneurial and long-term approach to developing businesses. We were prepared to invest early and to increase our exposure as we learned more about the scale of the opportunity. We combined our Digital Property Group, built from the purchases of Find a Property and PrimeLocation, with Zoopla as the online property market continued to develop. We supported Zoopla through its initial public offering and acquisition of uSwitch, the price comparison site. Finally, we were able to create considerable value for shareholders when ZPG Plc was acquired by Silver Lake earlier this year. That is patient capital in action.

The continuing resilient performance of the Group's newspapers, despite the long-established challenging industry trends, is another tribute to DMGT's long-term approach. We have continued to invest in and manage our titles efficiently for the long term. Our commitment to popular, high-quality journalism has allowed our titles to outperform the market while continuing to deliver strong cash flows, providing capital for investment in the future of the Group. Alongside this, MailOnline continues to be one of the world's most popular online news sites. Even in a tougher year, impacted by reduced traffic from search and social platforms, MailOnline continued to increase its advertising revenues and to improve engagement with its audience, increasing the total minutes spent on its website and apps.

The success of dmg media would not have been possible without the enormous contribution of Paul Dacre, who has retired as Editor of the Daily Mail after 26 years. Paul is the greatest Fleet Street editor of his generation and I am delighted that DMGT will continue to benefit from Paul's experience and guidance in his new role as Chairman and Editor-in-Chief of Associated Newspapers.

I am confident that the popular high-quality journalism that has defined the Daily Mail for generations will remain a hallmark of the newspaper under Geordie Grieg, Paul's successor.

Our B2B portfolio delivered broad-based revenue growth during the year and an improved operating margin. DMGT's long-term approach was demonstrated by our commitment to continued investment, despite some challenging market conditions, essential to harnessing today's technology to meet customer needs.

Strategic focus

Under the leadership of Paul Zwillenberg, our CEO, the Group has continued to deliver against three strategic priorities: improving operational execution; increasing portfolio focus, and enhancing financial flexibility.

The financial performance of the B2B businesses reflects the increased emphasis on operational execution. In addition, DMGT's portfolio focus has been further increased by disposals, including the sale of EDR.

The proceeds from disposals and continuing strong cash flow enabled DMGT to end its financial year with net cash of £233 million. DMGT's enhanced financial flexibility will enable us to continue with our balanced approach to capital allocation, focused on driving growth within the business as well as providing good levels of shareholder returns. The Board will also consider potential investment opportunities and will remain highly disciplined about the prices we are prepared to pay.

Read more in CEO Review, pages 10 to 13

Maintaining a strong portfolio of businesses

Chairman's Statement

Governance

The composition of our Board reflects the business and geographic mix of our operations, ensuring we continue to seize strategic opportunities and manage the changes sweeping our markets. The Board's commitment to the high governance standards our shareholders expect remains paramount.

I would like to thank our Non-Executive Directors for their contribution over the past year. JP Rangaswami joined DMGT's Board as an Independent Non-Executive Director in February 2018. JP brings extensive knowledge and experience in the fields of data and computer science.

Paul Dacre stepped down from the Board in September 2018, having contributed insights and immense media experience for over 20 years.

Read more in Governance Report, pages 40 to 53

People and culture

On behalf of the Board, I would like to thank all our employees for their continued hard work, dedication and significant contribution to the Group, as well as their wider communities.

We continue to invest in talent, nurturing the next generation of entrepreneurs and managers and developing the individuals who create the products and distribute the content that our audiences value.

In line with our strategic priority of improving operational execution, we continue to invest in our innovation and technology talent. The Board recognises the importance of attracting the talent of the future in all levels of the organisation.

Read more in Our People and Our Stakeholders, pages 30 and 31

Remuneration

Remuneration and incentives drive focus on performance aligned to our strategic priorities. Our value creation metrics and related payments are set out in the Remuneration Report.

Read more in Remuneration Report, pages 54 to 76

Outlook

The foundations have now been laid on which to build. The quality of our businesses' earnings, combined with our balance sheet strength, creates opportunities for growth and the ability to deliver long-term returns to shareholders. DMGT benefits from our ownership structure, which enshrines a long-term perspective on value creation.

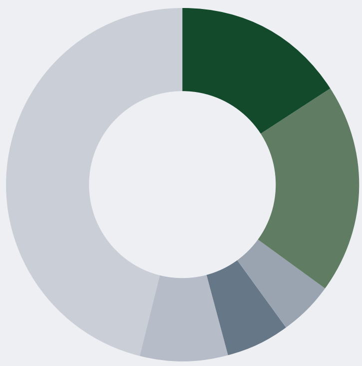
We will continue to focus on our strategic priorities, including operational execution, enabling us to navigate and take advantage of structural and cyclical changes in the markets in which we operate.

Your Board remains confident that the Group has excellent long-term growth prospects to deliver on our potential. In the coming year, we will continue to pursue growth opportunities through further organic investment and, where appropriate, through acquisitions that promise to strengthen the Group. The outlook for DMGT remains positive and we look forward to making further good progress.

The Viscount Rothermere
Chairman

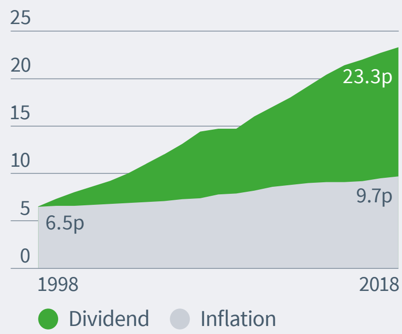
Revenue by business FY 2018 (%)

Insurance Risk	16
Property Information	19
EdTech	5
Energy Information	6
Events and Exhibitions	8
Consumer Media	46



Dividend per share

The Board's policy is to grow the dividend in real terms and, in the medium term, to aim to distribute around one-third of the Group's adjusted earnings.



Strategic Report
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Who we are

DMGT at a glance

DMGT's diversified portfolio of companies, operating across B2B and consumer markets, has continued to evolve as we position ourselves for long-term growth.

Our sectors

B2B

Insurance Risk

RMS produces risk models and software applications, and provides analytical data services used by the global risk and insurance industry to quantify and manage catastrophe risk.

Read more, page 17

Property Information

Our Property Information companies provide technology, data and workflow solutions to clients involved in commercial and residential property markets as well as risk and valuation services to the Commercial Mortgage-Backed Securities (CMBS) market.

Read more, page 17

EdTech

Hobsons is the leading provider of student success solutions in the US through its Naviance, Starfish and Intersect platforms.

Read more, page 18

Energy Information

Genscape provides data, workflow tools and predictive analytics to improve market transparency and efficiency across several energy and power asset classes to better manage volatility and increase supply chain efficiency.

Read more page 18

Events and Exhibitions

dmg events is an international B2B exhibitions and conference organiser, focusing on the energy, construction, interiors, hotel, hospitality and leisure sectors, operating across several geographies.

Read more, page 19

Consumer

Consumer Media

dmg media is a modern news media company with two of the UK's most-read paid-for newspapers and one of the world's most popular free newspapers. It includes MailOnline, whose readers spend 145 million minutes on the site and apps each day.

Read more, page 20

JVs and Associates

DMGT holds a significant associate interest in Euromoney (c.49%) and, until July 2018, held a c.30% stake in ZPG. Other JVs and Associates include Yopa, which became an associate in August 2018, and Real Capital Analytics. DailyMailTV was a joint venture but became a wholly-owned subsidiary in October 2018.

Read more, page 21

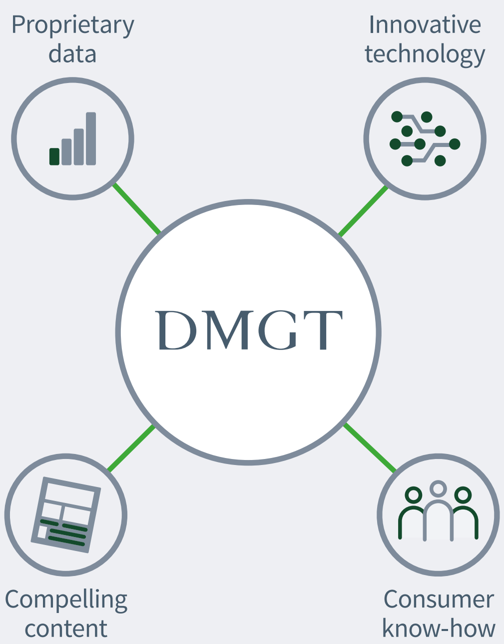
How we create value

Our Business Model

Satisfying the need to know

Which we monetise through five revenue models

DMGT creates first-choice products, combining data, technology and consumer know-how to connect people with intelligent insight and engaging content.



Subscription
Our B2B businesses have a strong subscription revenue component with high renewal rates demonstrating the strength of our client relationships.

Advertising
Our Consumer Media business generates advertising revenue both in print and digital formats. Growth in our digital advertising revenues continues to help offset structural declines in print advertising. Enhanced user engagement drives advertiser interest in increasingly sophisticated advertising formats.

Circulation
Circulation revenues are generated from sales of the Daily Mail and The Mail on Sunday newspapers, which continue to hold strong market-leading positions in the context of declining industry volumes.

Events attendance and sponsorship
Exhibitor fees, delegate fees and sponsorship revenues are earned from the growing portfolio of B2B shows run by dmg events.

Transactions
Revenues from property information businesses are influenced by property transaction volumes. The customer base is stable, providing a high degree of repeat business, and consequently a large proportion of these revenues have subscription-like characteristics.

Read more in Financial Review, pages 22 to 29

Supported by our values

Enabling us to create value for our stakeholders

Entrepreneurialism
As a home for entrepreneurs, working at the cutting edge of technology, DMGT fosters constant innovation, growth and talent development across our international businesses.

Purpose
Long-term perspective and businesses with a clear sense of purpose for their customers and society.

Excellence
Commitment to quality, craftsmanship and delivering excellence. We seek the best talent, leadership and expertise.

For our shareholders
We have a track record of investing in and supporting a diversified portfolio of entrepreneurial businesses. Our strategy aims to achieve sustainable long-term earnings and dividend growth.

Total shareholder return FY 2008 – FY 2018

12% CAGR

For our employees
We nurture entrepreneurial talent and encourage our people to make their own mark on DMGT, a diverse international portfolio with over 120 years of heritage.

Employees worldwide

5,924

For our customers
Our deep understanding of customer needs enables us to constantly innovate and create content, products and solutions that provide our businesses with a competitive edge and make us even more relevant to our customers.

Organic investment as a percentage of revenues FY 2018

8%

For our communities
DMGT businesses have developed strategic partnerships with a number of charitable organisations, with a focus on making a difference in the communities where our people work and live.

Amount donated to charity FY 2018

£1 million

Adapting to continuous change

Market Overview

DMGT comprises a portfolio of businesses working across diverse marketplaces. While each has its own individual characteristics, some common features exist:

- Fast-paced and evolving to adopt new technology and business models
- Technology-enabled with high degrees of innovation
- Content and information-driven
- Enduring and resilient

Increased volatility

Context to DMGT

- **As a provider of proprietary, hard-to-obtain information, DMGT benefits from growing uncertainty in the world as its customers rely more heavily on data and analysis to inform critical decisions.**

Market trend

- Global economic uncertainty, political tensions and supply and demand disruptions continue to influence our customers and their markets. The uncertainty while we await confirmation of the terms of the UK's exit from the EU continues to unsettle the UK economy.
- Extreme weather events, commodity price fluctuations and continued exchange-rate swings have directly impacted the economic and social environments for both investment and business operations.

Our approach

- Our diversification provides beneficial offsets in an increasingly volatile world: as one industry may be facing headwinds, another may benefit from the forces of volatility.
- In this sustained volatile environment, DMGT is providing its customers with fundamental data, analytics and insights that enable them to move away from instinct-driven decision-making and to embrace market-relevant data as a means to navigate uncertain times.
- DMGT's businesses are not dependent on trade between the UK and the remaining EU members, other than the sourcing of newsprint for the Consumer Media business. Notwithstanding a period of political and macroeconomic uncertainty, the future is viewed with confidence.

Political uncertainty

Context to DMGT

- **Political policy decisions have direct and often unexpected impacts on the geographies and industries in which DMGT operates and will continue to shape where and how DMGT pursues commercial and strategic opportunities.**

Market trend

- There is still long-term geopolitical uncertainty for UK companies' operations abroad. Furthermore, changing political landscapes throughout the world each add to the climate of political uncertainty.

Our approach

- DMGT closely follows political changes and implications for the geographies and industries in which it participates. In many instances, the uncertainty of changing political and regulatory norms presents commercial opportunities, as we help our customers anticipate implications for their business.
- We continually review our operations against changes to global sanctions and diplomatic relations.

Cyber security

Context to DMGT

- **As a provider of business-critical data, analytic tools for global industries and news media, DMGT is exposed to cyber security risks across its operations.**

Market trend

- Cyber security threat is a permanent business risk in the digital age. Governments and regulatory bodies have awakened to the threat posed to individuals and society by data breaches.
- As customer confidence is easily eroded, enforcing the highest possible cyber security standards is critical for maintaining customer and market trust.

Our approach

- DMGT continues to strengthen its information security controls. The Group Chief Information Security Officer has led the roll-out of revised information security standards, compliance roadmaps and regular cyber security audits.
- The CEO-led Information Security Steering Committee ensures senior level engagement across the Group.
- RMS has developed a cyber risk management tool that seeks to provide insurers with a framework to capture and report on all cyber exposure and facilitate risk transfer in the market.

Our businesses are constantly looking towards the future to identify and manage current and future trends. The most significant of these are identified here.

Read more on the trends affecting the Group in Principal Risks, pages 32 to 35

Continuous innovation

Context to DMGT

- **Technological change and customer adoption rates of new technologies in our key markets are accelerating at a pace never seen before, irrevocably changing and erasing more traditional business models.**

Market trend

- The speed of technology evolution is increasing the capital intensity of IT investment and product development such that business investment horizons have changed compared with previous economic cycles.

Our approach

- As an entrepreneurial Group focused on digital growth, DMGT stays ahead by continually fostering innovation and embracing new ideas. This is reflected by DMGT's expectation of investing at least 5% of revenue in organic initiatives each year.
- DMGT has a family heritage which encourages long-term thinking and the application of patient capital. Consequently, the Group can invest for the future, seeding, incubating and nurturing innovative opportunities. Throughout DMGT's history, innovation and diversification have been essential elements of how we do business, and have given us a wealth of experience to draw on in order to adapt to market changes.
- DMGT's investment approach enables us to remain close to customers through our portfolio of businesses, gaining greater insight and understanding into exactly what our customers value, engage with, and ultimately, want to buy.

Machine learning

Context to DMGT

- **An ever-growing number of machines are producing, using, and communicating with virtually immeasurable amounts of information. Machine learning is what makes machines appear 'intelligent' by enabling them to understand concepts in their environment and also to learn. Through machine learning, a smart machine can change its future behaviour. These developments create opportunities for DMGT and its businesses.**

Market trend

- Machine learning gives rise to a spectrum of smart machine implementations helping to unearth insights in discrete datasets that were previously impossible to see.

Our approach

- DMGT's businesses help their customers to identify which information provides strategic value, access data from different sources and explore how algorithms leverage the Internet of Everything to fuel new business designs. This area is evolving quickly, and DMGT's businesses are embracing the opportunity.
- We are developing products and services across a number of our businesses, including sensing technology at Genscape and statistical analytics at Hobsons and RMS.
- We have established a central technology function with expertise in artificial intelligence and machine learning, which is being leveraged by the operating companies.

A competitive talent pool

Context to DMGT

- **Across the global workforce but especially with millennials, top talent is drawn to companies that offer a compelling employee value proposition, incorporating purpose beyond profit, ongoing learning and development opportunities as well as competitive remuneration.**

Market trend

- Demand for top talent is always fierce, however, in the critical areas of big data analytics, artificial intelligence and data science, demand in many labour markets outstrips supply.

Our approach

- In competing for key employees, especially critical technology talent, DMGT is committed to enhancing its Group-wide employee proposition, defining the jobs of the future, for instance through its work in data science and predictive analytics.
- DMGT supports training and development in order to enhance employees' capabilities and transfer skills throughout the businesses. We also provide Group-wide initiatives such as our talent development programmes to actively encourage rising talent within DMGT.

Delivering against clear strategic priorities

CEO Review

Overview

Over the past year, we have continued to execute against DMGT's three strategic priorities, aimed at delivering solid financial results and creating sustainable returns.

Those priorities have been to improve our operational execution, increase our portfolio focus and enhance our financial flexibility. I am confident this strategy, including our Performance Improvement Programme (PIP), will drive the profitable growth that is vital to long-term value creation.

I am encouraged that actions taken in FY 2018 have strengthened our balance sheet and the resources with which we can continue to transition the Group.

Key Strategic Priorities

Delivering on our potential

Improving operational execution	Increasing portfolio focus	Enhancing/maintaining financial flexibility

Business Highlights

The performance during the past year was consistent with our expectations. We are entering FY 2019 from an improved position of financial and operational strength, upon which we can build.

That strength was enhanced by a number of performance improvement initiatives that we undertook across the portfolio in FY 2018.

The disposals we made during the year, including the sale of our stake in ZPG Plc (ZPG), have resulted in DMGT now being in a net cash position. This has materially strengthened our balance sheet and provides us with significant additional financial flexibility, one of our three key strategic priorities.

The disposal of our shareholding in ZPG demonstrated DMGT's successful long-term approach to value creation and our ability to secure significant financial returns from the assets that we have nurtured over the years. DMGT originally identified the opportunity in online property nearly 20 years ago, as property advertising began to migrate from traditional media to the internet. The Group built, supported and grew the business through its evolution, culminating in the disposal of its remaining c.30% stake in ZPG for £642 million in July 2018, bringing total cash returns to c.£880 million, a multiple of 14 times our initial investment.

This is the latest demonstration of DMGT's business model of patient, long-term value creation; successfully identifying new opportunities, incubating young businesses and supporting their growth to create value for shareholders. Other examples of this approach include Euromoney Institutional Investor PLC (Euromoney) and Wowcher. Our balance sheet is now in the strongest position it has been for many years. These disposals reflect our willingness to exit or reduce our holdings in companies where we can realise value, generating proceeds with which to reinvest.

We have increased our ability to make bolt-on acquisitions, while maintaining an extremely disciplined and balanced approach to capital allocation.

At the operating level, we delivered a resilient performance in many parts of the Group. In our B2B businesses, we saw good, broad-based underlying revenue growth across the portfolio with especially strong revenue growth in EdTech, Energy Information and Insurance Risk, while our Property Information business faced challenging market conditions in the UK. Our Consumer Media businesses continued to outperform their markets.

Following the 2017 restructuring of Hobsons, the EdTech business, the continued growth across all three remaining segments and the improved cash operating income of the retained business during FY 2018 were particularly encouraging. Similarly, increased operational focus at Genscape, the Energy Information business, resulted in cash operating income growth. In Events and Exhibitions, the commitment to organic expansion was demonstrated by the launch of five new events.

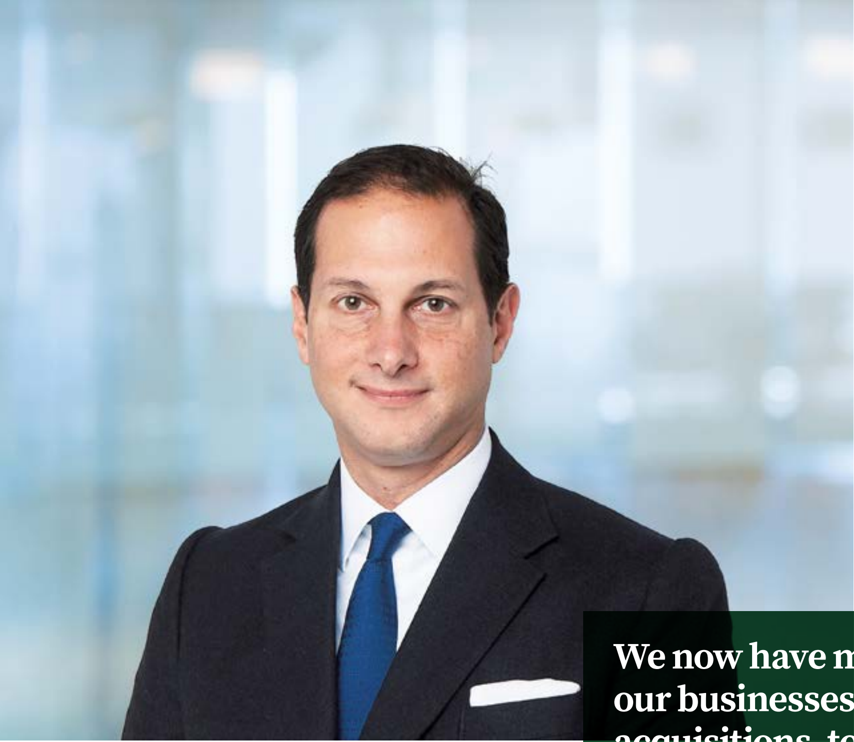
I was delighted that Karen White joined as CEO of RMS, the Insurance Risk business, in March, bringing extensive enterprise software experience. RMS's strategy has recently been enhanced to deliver long-term growth, reflecting the evolution of technology and the insurance sector's acceptance of cloud computing as well as demand from RMS's customer base for a broader set of solutions to deliver value across more areas of risk. Consequently, the decision has been taken to re-architect the RMS(one) platform to take advantage of the growing benefits of new technology. This development is expected to significantly reduce the running costs for customers while also improving performance.

Given the decision to re-architect the platform, it was appropriate to impair the RMS(one) asset, which related to pre August 2016 capitalised software.

RMS will be increasing its investment in software, data, data analytics and applications and I am confident that Karen and her team will drive RMS to realise its full potential as a core part of our B2B portfolio.

The Consumer Media business continued to outperform in challenging markets. Although revenues decreased, our content and high-quality popular journalism remains in high demand. This is reflected in MailOnline's traffic and the Mail newspaper titles' significant market share.

In FY 2018, MailOnline was impacted by a marked reduction in indirect traffic from social media and search platforms, resulting in slower revenue growth. The management team continues to execute its clear strategy of prioritising direct traffic and engagement with this core audience continues to grow. MailOnline has an excellent long-term track record and I remain confident in its future growth opportunities.



Paul Zwillenberg
CEO

We now have more flexibility to invest behind our businesses, both organically and through acquisitions, to support DMGT's long-term growth and value creation.

In the Consumer Media business and in large parts of our B2B operations, the performance in the past financial year has shown the benefits of providing trusted content, data and information. We will continue to focus on driving sustainable returns from our presence in these businesses, seizing opportunities for growth and maximising value wherever we can.

Financial Performance

Group revenues were stable on an underlying basis as the growth from our B2B portfolio was offset by Consumer Media, which continues to face challenging market conditions. Operating profit declined by an underlying 17%, largely due to Consumer Media and increased Corporate costs as we focus on transitioning the Group.

Adjusted profit before tax decreased by 16% on a pro forma basis, adjusting the prior year for the Euromoney transaction, reflecting disposals and the weaker US dollar. Similarly, adjusted earnings per share were down a pro forma 23% as a result of an increased effective tax rate.

The gains on disposals, notably from the stake in ZPG, resulted in statutory profit before tax improving £804 million, to £692 million. Statutory profit for the year increased by £346 million to £688 million, reflecting the gain on the reduction in our Euromoney holding in the prior year, and statutory earnings per share grew 99%.

As well as illustrating the challenging conditions in many sectors and DMGT's commitment to investing through the cycle, these figures reflect the impact of disposals, which have considerably strengthened the balance sheet to a net cash position.

Tim Collier, Group Chief Financial Officer, describes DMGT's financial performance in further detail in the Financial Review (pages 22 to 29). An update on the progression of DMGT's Key Performance Indicators (KPIs), used as a measure of our performance at a Group level, can be found on pages 14 and 15 of the Strategic Report.

Strategy update

We have made good progress against our goals of driving shareholder returns and realising sustainable long-term value. We can take satisfaction from the implementation to date of our three strategic priorities: improving operational execution, increasing portfolio focus and enhancing financial flexibility.

This effort is ongoing and further action will be necessary to realise our full potential. We are focused on disciplined capital allocation, prioritising fast-growth assets and those businesses with the potential to deliver long-term predictable profitability at scale.

Increasing portfolio focus

We have made significant progress in increasing the focus of our portfolio over the past year. As well as disposing of our stake in ZPG, we sold EDR and Hobsons' Solutions business, reduced our ownership in SiteCompli, restructured Genscape and Xceligent was closed. In September, the solar business Locus Energy was merged into AlsoEnergy, in which we retain a minority stake, driving consolidation in the sector.

Accordingly, we now have a more focused portfolio of businesses with leading market positions in large, growing sectors that are benefiting from digitisation, such as Insurance Risk, EdTech and Energy Information. Our emphasis on an efficient portfolio positioned in growth sectors will be a major theme of the current financial year and beyond.

As part of this effort, we have introduced a disciplined approach to portfolio management and have established three categories for our different businesses, each with distinct contribution objectives.

1. **Operating at scale:** these businesses provide strong, predictable cash flow that cover our fixed costs, including our dividend, and finance investments into our early bets. We have several businesses in the Operating at scale category, including dmg events, Landmark and Trepp in the Property Information sector, and our Consumer newspaper titles. These are strong scale businesses that are highly cash generative and with a strong presence in their respective marketplaces.
2. **Focused growth:** we have an opportunity to extract further value and growth from businesses that can deliver a combination of revenue growth and improving profitability. We aim to scale them to become the strong cash generators of tomorrow. Our Focused growth businesses include RMS, Hobsons, Genscape and MailOnline; all with opportunities to grow revenues and to improve their operating profit margins over time.
3. **Early bets:** this is a unique strength of DMGT; our ability to grow early stage businesses, nurture entrepreneurial businesses through the cycle, and expand the best ones to scale. BuildFax, in the Property Information sector, is an example. In addition, dmg ventures, our venture and early stage investment division, manages a portfolio of minority investments with a focus on disruptive technology start-ups. It is actively exploring additional growth opportunities in the converging space between B2B and consumer markets.

Delivering against clear strategic priorities

CEO Review

The overall shape of the portfolio and the role that each business plays in delivering the Group's ambitions is clear within this framework. This is important as it informs our thinking about the expectations, objectives and aspirations for each individual business, as well as our decision-making regarding capital allocation across the whole portfolio.

The shape of our portfolio will combine our long-term view of value enhancing acquisitions, particularly in adjacent business segments to our existing content operations and specialist B2B information, with a willingness to enter markets that are being disrupted by digitisation.

As we pursue this strategy, we have strengthened the management team that will help develop our portfolio by appointing a Chief Investment Officer, Origination.

Improving operational execution

The second area of strategic focus is improving operational execution. This is being driven by our Group-wide Performance Improvement Programme ('PIP') which includes operating initiatives that are aligned with each business's role within the Group.

The PIP is targeting a variety of initiatives implemented across five categories of product, commercial, operations, people and technology. Good initial progress has been made during FY 2018 but we have more to do and there is a need for continued focus on addressing challenges posed by rapid technological change and the intense competition seen in some of our core markets.

As we execute on the PIP, we are undertaking several initiatives that reflect the operational focus and determination to expand our presence in the right market segments and at the right pace. I would like to highlight a few examples:

In **Product**, Hobsons successfully delivered the new Naviance student product. In **Commercial**, at MailOnline we have introduced a new format in the US with the highly successful DailyMailTV. In **Operations**, Genscape has introduced a new process, the Product Launch Pad, for developing new products from inception to launch. This will ensure a more coordinated launch of those opportunities that will really move the needle. Encouragingly, other DMGT businesses are also looking to incorporate the Launch Pad into their innovation processes. Lastly, across **People** and **Technology**, Rob Chandhok joined DMGT as our new Group Chief Technology Officer and has been appointed to DMGT's Executive Committee. Our businesses are already benefiting from his and his team's expertise in new technologies, such as machine learning and artificial intelligence, to drive innovative product development, improve information security and provide inputs as they modernise their own technology platforms.

As you would expect, the shift away from light touch to performance management has resulted in a major cultural change at DMGT. I'm very pleased with the way the businesses are adapting. Over the past year, I've put in place a single executive leadership team that spans both the B2B and Consumer Media businesses to share knowledge. We now have the right level of expertise in the centre to provide support and also challenge our businesses, working with our devolved business management teams to maximise returns.

Clear portfolio roles

We have established clear roles for each business within the portfolio.
The expectations and Performance Improvement Programme initiatives for each business reflect their role.

Operating at scale Predictable performers	Focused growth Growing and delivering	Early bets Businesses for the future
Predictable profit and cash to meet DMGT's obligations, fund investment and incubate early bets	Revenue growth and margin improvement driving value creation	Option value for future, tomorrow's focused growth businesses
Daily Mail, The Mail on Sunday, Metro, Landmark Information, dmg::events, Trepp	RMS, MailOnline, Genscape, Hobsons	BuildFax Property History, dmg::ventures
• Innovate and extend core; seed early bets • Optimise efficient operations • Leverage scale	• Scale breakthrough products • Harness operational gearing to drive margin • Prioritise customer retention; grow market share	• Exploit niche opportunities • Establish scalable processes and infrastructure • Innovate and act on rapid market feedback

Delivering sustainable returns over the long term

DMGT's businesses have market leading positions in growing sectors that are digitising. The strategy is built around a long-term vision, applying the expertise learnt from our consumer businesses to our B2B businesses, and is comprised of three priorities: increasing portfolio focus, improving operational execution and enhancing/maintaining financial flexibility. We expect this position and strategy to drive sustainable revenue, profit, cash and EPS growth over the long term.

Enhancing financial flexibility

The disposals of EDR and our stake in ZPG, combined with continued healthy cash generation, have resulted in a significant step change in the strength of our balance sheet and we are now in a net cash position. Accordingly, this strategic priority has been revised to Maintaining financial flexibility, reflecting our current position and to ensure we have sufficient balance sheet strength to take advantage of attractive opportunities at the right price as they arise.

We now have more flexibility to invest behind our businesses, both organically and through acquisitions, to support DMGT's long-term growth and value creation. Organic investment was 8% of revenues in FY 2018, with increased focus on the return on investment from these initiatives, and will continue to be a priority within our capital allocation framework. Importantly, we will remain highly disciplined in our approach to any potential acquisitions. We will also continue to rigorously apply our five investment criteria when assessing potential acquisitions: attractive and value creating, scalability, long-term competitive advantage, affordability, and achievability.

The dividend remains the primary mechanism for delivering returns to shareholders and we are committed to real dividend growth. We are confident that our capital allocation framework, underpinned by a strong balance sheet, will drive shareholder value.

Outlook

The strategic and operational actions undertaken in the past year have improved our underlying capabilities despite market challenges. We have started FY 2019 with the businesses performing in line with our expectations, although several operations face near-term headwinds in a time of geopolitical uncertainty.

As we adjust and manage our portfolio for this environment, FY 2019 will be another important period of transition for DMGT as we continue to lay the necessary groundwork for a future characterised by increasing portfolio focus and growth.

The businesses within the portfolio, the operating initiatives being implemented and the optionality created by our balance sheet strength give the Board confidence that DMGT has good long-term prospects. The foundations have now been laid on which to build and DMGT's growth potential will be enhanced by our ability to invest in the technologies, talent and sectors that promise sustainable growth. As we pursue those opportunities, we will continue to preserve the entrepreneurialism and purpose that are so distinctive across DMGT.

I am confident that our strategy will generate long-term sustainable value and will help us navigate the near-term challenging trading conditions. This will, in turn, enable us to maintain our progressive dividend policy, with a commitment to growing shareholder returns.

Paul Zwillenberg
CEO

Measuring our performance

Key Performance Indicators

The Board seeks to deliver sustained long-term growth for DMGT's shareholders.

Due to DMGT holding a changing portfolio of different companies, many Key Performance Indicators (KPIs) that are targeted by individual businesses are not appropriate at a consolidated Group level. Examples include customer numbers, revenue per customer, employee productivity and employee engagement. The KPIs shown below, however, are considered to be good indicators of the Group's overall progress against its strategic priorities.

Description	Relevance	Performance	Narrative	Strategic priority
Underlying revenue growth[^]	Underlying revenue growth compares revenues on a like-for-like basis and is an important indicator of the health and trajectory of the individual businesses and the Group as a whole.	2018 0% 2017 +1% 2016 0% 2015 +1% 2014 +5%	**Underlying revenue growth** **0%** **2017: +1%** The stable underlying revenue performance reflects broad-based B2B growth and a resilient Consumer Media performance despite challenging market conditions in many sectors.	
Group adjusted profit before tax	DMGT actively manages its portfolio and allocates capital to increase adjusted profit before tax over the long term.	2018 £182m 2017 £226m 2016 £260m 2015 £281m 2014 £291m	**Group adjusted profit before tax*** **£182m** **2017[#]: £226m** **2017[Ω]: £216m** Group adjusted profit before tax decreased by £44 million or £34 million on a pro forma[Ω] basis, reflecting B2B disposals, the reduced profits from Consumer Media and increased Corporate costs.	
Adjusted earnings per share	Management seeks sustained long-term growth in adjusted earnings per share to maximise overall returns for DMGT's shareholders.	2018 42.2p 2017 55.6p 2016 56.0p 2015 59.7p 2014 55.7p	**Adjusted earnings per share*** **42.2p** **2017[#]: 55.6p** **2017[Ω]: 54.8p** Adjusted earnings per share decreased by 24% or by 23% on a pro forma[Ω] basis, reflecting the reduction in adjusted profit before tax and an increase in the effective tax rate.	
Group adjusted cash operating income	This metric adds back depreciation and amortisation and deducts capital expenditure from Group adjusted operating profit. It reflects the cash generation of the Group's businesses.	2018 £155m 2017 £199m 2016 £254m 2015 £278m 2014 £267m	**Group adjusted cash operating income*** **£155m** **2017: £199m** **2017[Ω]: £181m** Group adjusted cash operating income decreased by £26 million on a pro forma[Ω] basis, reflecting the improving cash generation from the B2B businesses, more than offset by reduced cash generation from Consumer Media and increased Corporate costs.	

Strategic Report
Governance
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Shareholder Information

Key strategic priorities

Improving operational execution

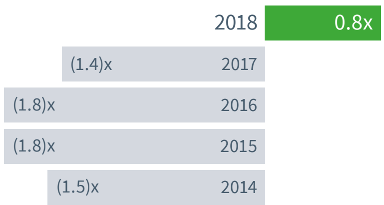
Increasing portfolio focus

Enhancing/maintaining financial flexibility

Description	Relevance	Performance	Narrative	Strategic priority

Net cash[§]/(debt): EBITDA ratio

Relevance: Management aims to maintain a strong balance sheet and retain DMGT's investment-grade status and consequently targets the net (debt):EBITDA ratio to be no more than (2.0) throughout the year.



Net cash/(debt):EBITDA

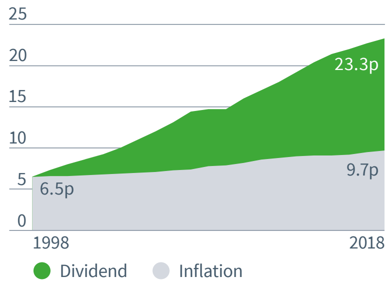
0.8x

2017: (1.4)x

Through increasing portfolio focus, including the disposal of DMGT's stake in ZPG Plc, and strong operational cash flows, DMGT is in a net cash position.

Dividend per share

Relevance: The Board's policy is to maintain dividend growth in real terms and, in the medium-term, to distribute about one-third of the Group's adjusted earnings.



Dividend per share

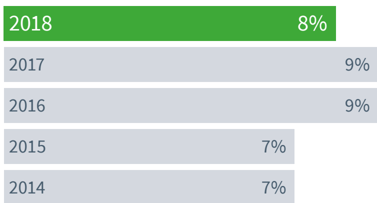
23.3p

2017: 22.7p

We have proposed a full-year dividend of 23.3 pence, up by 3% from last year, continuing our strong track record of dividend growth and delivering a 7% cumulative annual growth rate over the past 20 years.

Organic investment[¥] as a percentage of revenues

Relevance: Investing back into the businesses to support product innovation and effective use of technology is key to delivering DMGT's sustained long-term growth. The Board expects at least 5% of revenues to be used for organic investment.



Organic investment as a % of revenues

8%

2017: 9%

DMGT continued to reinvest in the businesses during the year, notably in the B2B portfolio.

^ Underlying revenue growth is on a like-for-like basis, adjusted for constant exchange rates, the exclusion of disposals and closures, the inclusion of the year-on-year organic growth from acquisitions and for the consistent timing of revenue recognition. For events, the comparisons are between events held in the year and the same events held the previous time. For Consumer Media, underlying revenues exclude low-margin newsprint resale activities. See pages 28 and 29.
§ See Note 16 for details of net cash.
# From continuing and discontinued operations.
* Before exceptional items, other gains and losses, impairment of goodwill and intangible assets, amortisation of intangible assets arising on business combinations, pension finance charges or credits and fair value adjustments; see Consolidated Income Statement on page 89 and the reconciliation in Note 13 to the Accounts.
Ω Pro forma FY 2017 figures have been restated to treat Euromoney as a c.49% owned associate for the whole year, consistent with the ownership profile during FY 2018. See reconciliation on page 25.
¥ Organic investment is expenditure that is incurred with the objective of delivering long-term growth. It includes expenditure on product development, whether capitalised or expensed directly, and the adjusted operating losses of early-stage businesses.

Operating Business Reviews
B2B

Summary

Our B2B companies operate in five sectors, namely Insurance Risk, Property Information, EdTech, Energy Information, and Events and Exhibitions.

Total B2B	2018 £m	2017 Pro forma[Ω] £m	Movement %	Underlying^ %
Revenue	**773**	881	(12)%	+3%
Operating profit*	**128**	133	(4)%	(1)%
Operating margin*	**17%**	15%		

* Adjusted operating profit and operating margin; see pages 27 and 28 for details.
^ Underlying growth rates give a like-for-like comparison; see pages 28 and 29 for details.
Ω Pro forma FY 2017 figures have been restated to treat Euromoney as a c.49% owned associate for the whole year, consistent with the ownership profile during FY 2018.

Performance

Revenues from B2B totalled £773 million, up 3% on an underlying basis, with growth from EdTech, Energy Information, Insurance Risk, and Events and Exhibitions partially offset by Property Information, which experienced challenging market conditions in the UK. Revenues decreased by 12% on a pro forma basis, following disposals of Property Information and EdTech businesses and reflecting the weaker US dollar.

B2B adjusted operating profits were £128 million, down an underlying 1% due to growth from Insurance Risk and EdTech being largely offset by reductions from Property Information and Energy Information. The overall B2B operating margin increased to 17% and included the benefit of a stronger Property Information margin following the closure of the loss-making Xceligent business in December 2017.

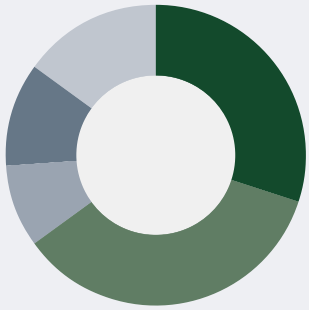
Despite the £5 million pro forma reduction in operating profit, B2B cash operating income increased £11 million to £131 million, reflecting the impact of the Performance Improvement Programme (PIP).

Outlook

The B2B financial performance will be affected by the disposal of EDR, which occurred in April 2018. FY 2018 revenues, restated based on the current portfolio of businesses, were £725 million. In FY 2019, the B2B businesses are collectively expected to deliver underlying revenue growth in the low-single digits and the adjusted operating margin is expected to be in the mid-teens, reflecting the benefits of the PIP offset by the continued investment to support our long-term growth.

Revenue (%)

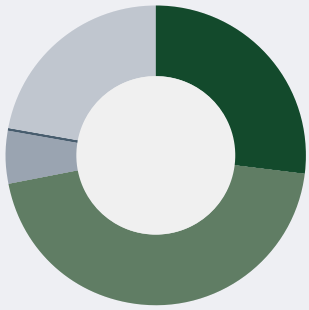
Insurance Risk	30
Property Information	35
EdTech	9
Energy Information	11
Events and Exhibitions	15



Operating profit (%)

Insurance Risk	27
Property Information	45
EdTech	6
Energy Information*	0
Events and Exhibitions	22

* Energy Information delivered a break-even adjusted operating profit performance.



Insurance Risk: RMS

	2018 £m	2017 £m	Movement %	Underlying^ %
Revenue	**229**	233	(2)%	+5%
Operating profit*	**35**	33	+5%	+16%
Operating margin*	**15%**	14%		

* Adjusted operating profit and operating margin; see pages 27 and 28 for details.
^ Underlying growth rates give a like-for-like comparison; see pages 28 and 29 for details.

The Insurance Risk business, RMS, is focused on operational execution and investment in its core modelling, data, risk and analytical services. During FY 2018, RMS continued to improve and expand its modelling solutions with updates to the US storm surge model, new and updated earthquake and typhoon models for the Asia Pacific region and further expansion into new lines of risk with the third release of the RMS cyber model.

Business model

RMS's solutions help insurers, reinsurers, brokers, financial markets and public agencies evaluate and manage catastrophe risks throughout the world. RMS leads the catastrophe risk modelling industry that it helped to pioneer, delivering models, data, analytical services and software to its customers, mainly through multi-year subscriptions. RMS also offers a variety of managed and hosted services.

Insurers, reinsurers, brokers and other financial institutions trust RMS's solutions to better understand and manage the risks of natural and human-made catastrophes, including hurricanes, earthquakes, floods, terrorism and pandemics.

Performance highlights

Insurance Risk revenues increased by 5% on an underlying basis, mainly benefiting from one-off project revenues as well as subscription revenues across the core modelling, software and data businesses. Reported revenues decreased 2% to £229 million due to the weaker US dollar. Adjusted operating profit grew by 5%, despite the impact of the weaker US dollar, and by 16% on an underlying basis, with the adjusting operating margin increasing to 15%.

RMS continues to invest in model development, reflecting an ongoing commitment to build upon the business's market-leading position. RiskLink18 was released in July 2018 and included updates to five models including North America Hurricane-Storm Surge, Australia Cyclone and Earthquake and India Earthquake, as well as five new models including India Flood and South Korea Earthquake, expanding coverage across the Asia Pacific region. The third-generation model for the cyber risk market was also released in the year.

In line with the PIP, the management team's collective experience of enterprise software was significantly enhanced, notably with the appointment of Karen White as RMS CEO in March 2018. RMS also strengthened its executive team and reorganised its software development, sales, account management and customer success teams to improve delivery of its full suite of products across the client base.

RMS has recently made an important change to enhance its strategy to deliver long-term growth. Earlier investments in the RMS(one) platform, dating back to 2011 when RMS(one) was conceived, reflected available technologies and the market's attitude to the cloud at that time. The platform was also relatively narrowly focused on natural catastrophe risk management for the property insurance sector. Since then, technology and the insurance sector's acceptance of cloud computing have evolved considerably. There is also demand from RMS's customer base for a broader set of solutions to deliver greater strategic value, across more areas of risk.

Consequently, the decision has been taken to re-architect the RMS(one) platform to take advantage of the growing benefits of new technology, better matching capacity to demand. This development is expected to reduce significantly the running costs for customers whilst also improving performance, facilitating more modular delivery and enabling new products and solutions starting in 2019. Throughout 2019 and beyond, RMS will be incorporating modern and innovative technologies, such as artificial intelligence and machine learning, to deliver a platform that will be scalable, secure, flexible and extensible, thereby addressing the evolving and future market for risk.

Since August 2016, all RMS(one) development costs have been expensed as incurred. Historic development costs prior to then were capitalised. Given the decision to re-architect the platform, the historically capitalised development costs incurred prior to August 2016 have been fully impaired, resulting in a charge of £58 million.

Priorities in the year ahead

During FY 2019, as one of DMGT's Focused growth businesses, RMS will be increasing its investment in software, data, data analytics and applications. The investment will deliver new strategic benefits to customers and position the business for the long term, by opening up adjacent market opportunities to catastrophe modelling, such as data analytics. Future releases of high-definition (HD) models will be made exclusively on the new RMS(one) platform, starting with US Inland Flood in spring 2019. The model pipeline for 2019 covers a wide range of perils, including US Inland Flood HD and North American Wildfire HD. Revenues are expected to grow in FY 2019 and the adjusted operating profit margin will reflect the absence of RMS(one) amortisation charges offset by the increased platform investment, with development costs continuing to be expensed as incurred.

Property Information

	2018 £m	2017 £m	Movement %	Underlying^ %
Revenue	**272**	328	(17)%	(2)%
Operating profit*	**58**	52	+12%	(8)%
Operating margin*	**21%**	16%		

* Adjusted operating profit and operating margin; see pages 27 and 28 for details.
^ Underlying growth rates give a like-for-like comparison; see pages 28 and 29 for details.

The Property Information portfolio operates in the US and Europe, primarily the UK. The focus of the US portion was increased considerably during the year. Despite challenging market conditions in the UK, the Property Information businesses delivered a resilient performance and both Trepp and Landmark Information Group continue to play an important Operating at scale role as strong cash generators for DMGT.

Business model

Companies within the portfolio derive their revenues from providing services that use technology, data and workflow to streamline and help reduce the risk associated with commercial and residential property transactions. In addition, Trepp in the US provides risk, valuation and data solutions for the commercial mortgage-backed securities market as well as robust tools, analytics and models for commercial real estate investors and lenders. Revenues are generated from subscriptions as well as volume-related transactions.

Operating Business Reviews
B2B

Performance highlights

The focus within the US element of the Property Information portfolio was significantly increased during the year. Xceligent, which was fully impaired in the prior year, ceased trading in December 2017. In April 2018, the disposal of EDR was completed for US$205 million, better enabling that business to pursue growth opportunities in managed services. In the same month, DMGT reduced its stake in SiteCompli to c.49%, with the founding management team now holding a majority stake; SiteCompli is now classified as an associate rather than a DMGT subsidiary.

The US Property Information portfolio now comprises Trepp, a leading provider of data, analytics and technology solutions to the global securities and investment management industries, and one of DMGT's Operating at scale businesses; and BuildFax, an early-stage but leading provider of property condition and history data. The European Property Information portfolio continues to consist of the Landmark Information Group, including Landmark and SearchFlow in the UK and On-geo in Germany.

Property Information revenues decreased by 2% on an underlying basis. Revenue growth in the US was more than offset by the European business, which continued to face challenging conditions in the UK residential market where mortgage approval volumes were down 4% on the prior year. The 17% reported decrease in revenues reflected the reduced US portfolio and the weaker US dollar. Adjusted operating profit decreased by 8% on an underlying basis, including the cost of initiatives to extend Trepp's product offering and reflecting the challenges in the UK market. The adjusted operating margin increased to 21%, benefiting from the absence of loss-making Xceligent for nine months of the year and from central US costs, that were historically allocated to dmg information's cost base, being included in Group Corporate costs in FY 2018.

During the year, as part of the PIP, SearchFlow launched a new search ordering platform that significantly improves the customer experience. Trepp continued to build-out its TreppLoan platform by enhancing portfolio and workflow capabilities and expanding the breadth of data. The product benefits from the extension of Trepp's existing data and intellectual property, making it relevant to a broader customer segment. BuildFax, the Early bets business, significantly reduced its sales cycle, better positioning it to grow quickly in the future.

Priorities in the year ahead

In the coming year, there will be continued product development at the Operating at scale businesses, Trepp and Landmark Information Group, to enhance their market-leading positions and help generate future revenue growth. This includes Trepp's development of proprietary analytics for the collateralised loan obligations (CLO) market. In the UK, the challenging market conditions are expected to continue. BuildFax, the Early bets business, will continue to focus on expanding its client base in its core insurance market as well as exploring opportunities to monetise its proprietary data in other areas.

EdTech

	2018 £m	2017 £m	Movement %	Underlying^ %
Revenue	**68**	115	(41)%	+9%
Operating profit*	**7**	16	(55)%	+205%
Operating margin*	**11%**	14%		

* Adjusted operating profit and operating margin; see pages 27 and 28 for details.
^ Underlying growth rates give a like-for-like comparison; see pages 28 and 29 for details.

The EdTech business, Hobsons, is a leading provider of college and career readiness and student success solutions to the North American market. Having been restructured during 2017, the remaining business delivered underlying growth and an improving profit margin during the year.

Business model

Hobsons offers college, career and life readiness tools to middle and high schools; student match and fit solutions for college admissions offices; and a student success platform for colleges and universities to help guide students from enrolment through to degree completion. Hobsons' revenues are mainly derived from subscription contracts with schools and colleges, with the balance from training and consulting services.

Performance highlights

EdTech revenues continued to grow on an underlying basis, increasing 9%. There was continued growth from each of Hobsons' three product lines: Naviance, the K-12 college and career readiness solution; Intersect, the higher education matching business; and Starfish, the higher education student retention and success platform. The disposal of the Admissions and Solutions businesses, in September and October 2017 respectively, resulted in a decrease in reported revenues. Similarly, although there was a reduction in adjusted operating profit due to the disposals, there was an underlying improvement in the business's profitability, reflecting the impact of the PIP.

During the year, the business delivered a new Naviance Student product, which increases end-user engagement, by providing students and parents with an intuitive mobile-friendly experience. Nearly 11 million students now have access to Naviance, including over 40% of high school students in the US, as the product is used by over 13,000 schools. Enhancements were also made to the Intersect and Starfish product suites during the year, including an improved mobile experience and the full integration of analytics into Starfish. Over 1,000 US colleges and universities are now using Hobsons' higher education products, Intersect and Starfish.

Priorities in the year ahead

In the coming year, there will be further investment to modernise the core EdTech product platforms, improve security and add new client-facing features and functionality. Hobsons will continue to focus on delivering the combination of underlying revenue growth and improving cash generation, with the PIP helping to support its progress as one of DMGT's Focused growth businesses.

Energy Information

	2018 £m	2017 £m	Movement %	Underlying^ %
Revenue	**86**	88	(3)%	+7%
Operating profit*	**–**	2	(83)%	(64)%
Operating margin*	**0%**	2%		

* Adjusted operating profit and operating margin; see pages 27 and 28 for details.
^ Underlying growth rates give a like-for-like comparison; see pages 28 and 29 for details.

The Energy Information business, Genscape, delivers innovative solutions to improve market transparency and efficiency across several asset classes including oil, power, natural gas, liquid natural gas and maritime. The business continued to deliver underlying revenue growth during the year and improving cash generation whilst its focus was increased through restructuring and the merger of its solar business into AlsoEnergy.

Business model

Genscape provides its customers with fundamental data, intelligence and real-time alerts, workflow tools, and predictive analytics to better manage volatility, make complex decisions and increase the efficiency of their supply chains. Revenues are mainly subscription based through annual and multi-year client contracts.

Performance highlights

Energy Information revenues grew by an underlying 7%, with continued growth from the core businesses operating in the oil, power and gas sectors.

The new management team has been implementing the PIP to deliver efficiencies as well as increasing the focus within the business: several sub-scale business lines were divested or closed to increase leadership focus on growth opportunities; the technology team was reorganised to bring additional scale and expertise to top priorities; a new process, the Product Launch Pad, was introduced for developing products from concept through to commercial launch, to ensure consistent vetting and a more co-ordinated approach for opportunities that can have a significant impact; and the pricing policy was revised to reflect customer value.

The elimination of peripheral products and the streamlining of support functions resulted in some restructuring costs that are included in adjusted operating profit. In addition, a larger proportion of payroll costs were expensed directly, with reduced capitalisation. These two factors resulted in reduced adjusted operating profit, although the cash operating income of the business improved by £7 million.

During the year, the business also increased the use of automation, notably machine learning, to generate its proprietary content.

In September 2018, the solar business Locus Energy was merged into AlsoEnergy, a leader in renewable energy software solutions in which DMGT retains a minority stake. The combined business benefits from greater scale and an improved ability to innovate on behalf of its clients.

Priorities in the year ahead

In the coming year, Genscape will aim to accelerate growth in its core power, oil and gas businesses by investing in product, sales and service. There will also be a focus on offering a more seamless customer experience across Genscape's various products. As one of DMGT's Focused growth businesses, Genscape is expected to continue to deliver underlying revenue growth during FY 2019 and is well positioned to grow its profits.

Events and Exhibitions

	2018 £m	2017 £m	Movement %	Underlying^ %
Revenue	**118**	117	+1%	+5%
Operating profit*	**28**	31	(9)%	(8)%
Operating margin*	**24%**	26%		

* Adjusted operating profit and operating margin; see pages 27 and 28 for details.
^ Underlying growth rates give a like-for-like comparison; see pages 28 and 29 for details.

The Events and Exhibitions business, dmg events, is an organiser of B2B exhibitions and associated conferences with industry-leading events in the energy, construction, interiors, hotel, hospitality and leisure sectors. dmg events continues to seek new opportunities for customers in emerging markets, with five new events launched in FY 2018 and six more planned for FY 2019. dmg events hosts over 50 events per year, attracting over 300,000 visitors and exhibitors from more than 100 different countries.

Business model

dmg events' strong market and brand positions, emerging market experience and entrepreneurial culture create opportunities for growth through geo-cloning existing events into new locations and by creating spin-off sections to become stand-alone events. The key branded events are Big 5, ADIPEC, Gastech, INDEX and The Hotel Show, which all provide opportunities to develop the spin-off and geo-clone strategy. dmg events is one of the Operating at scale businesses with revenues being derived from exhibitor, sponsorship and delegate fees with over half of the revenues generated from the top three events.

Performance highlights

Events and Exhibitions revenues grew by 5% on an underlying basis despite Gastech, one of the business's three large events, moving to Barcelona from the larger Japanese market where it was held in the prior year. Big 5 Dubai and ADIPEC, the two other large events, collectively delivered mid-single digit underlying growth. Reported revenues increased by 1% to £118 million despite the impact of the weaker US dollar relative to sterling.

The business continued to geo-clone existing shows by launching into new locations, including a Big 5 Construct Egypt event, and to launch spin-off events, including a Global Power & Energy Exhibition event that ran in parallel with Gastech. Two small businesses, Hypenica and Hi-Design, were also acquired in the year, with events in the construction and hotel interior design sectors.

During the year, as part of the PIP, dmg events strengthened its technology team and invested in technology to improve the overall experience for attendees, including the efficiency of attendee time at events.

The operating profit margin was 24%, a reduction compared to the prior year, due to expected increased costs for the major shows, notably ADIPEC, and holding two separate Index events in Dubai to accommodate the timing of Ramadan. As a result, operating profits decreased by 9%, including the adverse effect of the weaker US dollar, and by an underlying 8%.

Priorities in the year ahead

dmg events will remain focused on developing its key large-scale market-leading events. Gastech is changing to an annual format, having previously been held approximately every 18 months, and the greater frequency is expected to deliver an increase in cumulative revenues and profits over time. The reduced interval between shows is, however, expected to have an adverse effect on the absolute revenues and operating margin of the individual event being held in Houston in September 2019, relative to the September 2018 event.

Big 5 Dubai and ADIPEC, two of the three large events of the year, occurred in November 2018 and are expected to collectively deliver a stable performance, reflecting increasingly challenging conditions in the Middle East, notably the UAE construction market. In addition, the six launches planned for FY 2019 in Africa, Middle East, South East Asia and Spain illustrate DMGT's willingness to invest to support longer term revenue growth.

Operating Business Reviews
Consumer Media

	2018 £m	2017 £m	Movement %	Underlying^ %
Revenue	**654**	683	(4)%	(4)%
Operating profit*	**64**	77	(17)%	(22)%
Operating margin*	**10%**	11%		

* Adjusted operating profit and operating margin; see pages 27 and 28 for details.
^ Underlying growth rates give a like-for-like comparison; see pages 28 and 29 for details.

The Consumer Media business, dmg media, remains resolutely focused on delivering high-quality, popular journalism to a large global audience. A multi-year investment programme, positioning dmg media as a modern news company, has ensured that the business has prospered in an increasingly digital-oriented consumer media market. The combined strength of the Mail and Metro brands continues to create innovative and exciting opportunities for advertisers through a sophisticated and targeted multi-channel approach.

Business model

dmg media's portfolio of news media businesses includes two of the UK's most read paid-for newspapers, the Daily Mail and The Mail on Sunday; Metro, its free newspaper, which is the UK's highest circulation weekday newspaper with the largest weekday newspaper readership in the UK each month; and MailOnline, whose large audience spends 145 million minutes engaged with its content each day.

The Mail news media brand has the largest reach of any commercial news media brand in the UK and has achieved scale in other geographic markets, including the US and Australia. Combined, the Mail and Metro brands reach c.63% of the UK's adult population each month.

dmg media's revenues are generated mainly from advertising and circulation revenues. While the Operating at scale newspaper businesses continue to generate strong profits and cash flow, the Focused growth digital businesses, MailOnline and metro.co.uk, are expected to be the driver of dmg media's future growth.

Performance highlights

The Consumer Media business's revenues declined by 4% to £654 million, with the 5% underlying growth from MailOnline being more than offset by a 5% decrease in circulation revenues and a 5% decline in print advertising revenues. Adjusted operating profit for the year decreased by 17% to £64 million, including the benefit from disposing of the loss-making Elite Daily in April 2017. Profits decreased by 22% on an underlying basis, as the reduction in the Mail Newspapers' cost base and improved contribution from MailOnline only partially offset the adverse effect of decreasing circulation and print advertising revenues. The operating margin was 10% as expected, down from 11% in the prior year.

Mail businesses

Revenues from the combined newspaper and website businesses (the Daily Mail, The Mail on Sunday and MailOnline) decreased by an underlying 5% to £546 million, including £122 million from MailOnline. Total advertising revenues across the Mail businesses decreased by an underlying 3% to £239 million, including a 9% decline in print advertising revenues, reflecting the continued structural and competitive challenges facing the UK national newspaper advertising market. MailOnline's advertising revenues grew by an underlying 5% which resulted in it accounting for over half of total advertising across the combined Mail businesses, a significant milestone.

The Mail brands remain strong, which is reflected in the growing UK retail market shares held by the Daily Mail and The Mail on Sunday, averaging 24.8% and 21.9% for the year respectively. Circulation revenues decreased by 5% to £291 million due to declining volumes being only partly offset by the benefit of the October 2017 6% cover price increase of The Mail on Sunday. In September 2018, the cover price of the Monday to Friday editions of the Daily Mail increased from 65p to 70p.

MailOnline continues to focus on attracting traffic directly to its homepages on desktop or mobile or its apps. Indirect traffic, notably via social media and search platforms, has reduced and resulted in total average daily global unique browsers during the year decreasing by 13% to 12.9 million. Engagement with its core target audience continued to grow, however, and total minutes spent on the site increased 2% to a daily average of 145 million, of which 77% came from direct traffic compared to 74% in the prior year.

MailOnline is one of our Focused growth businesses and its growth strategy is far-reaching, including providing new advertising formats and working with our key commercial partners, Snapchat, Google and Facebook. It also includes DailyMailTV in the US, which is currently in its second season and attracts an average of 1.3 million viewers a day. It became a wholly-owned subsidiary in October 2018 and will therefore be included within Consumer Media's results in FY 2019.

Metro

Metro delivered a robust revenue performance in the context of a declining print advertising market, growing revenues by an underlying 4% to £71 million, including the benefit of taking on four franchises from Trinity Mirror (now Reach plc) in January 2017, a further two in January 2018 and one in July 2018. Metro has the largest circulation of any weekday newspaper in the UK, read by an average of 2.8 million people each day, and has the largest Monday to Friday advertising market share by volume. During the year, as part of the PIP, the advertising operations of the Metro and Mail were integrated to deliver improved service to customers and to take advantage of dmg media's scale to reduce costs.

Priorities in the year ahead

dmg media will continue to harness the value of the Mail brands for both readers and advertisers and invest in the quality of its popular journalism to drive and engage its global audiences. The cost base of the newspaper businesses will continue to be further reduced, albeit in a measured approach that ensures the quality of the content is not compromised, consistent with DMGT's strategy of supporting the longevity of the newspapers' strong cash generation.

Outlook

The Consumer Media business is expected to benefit, despite the recent challenging market conditions, from digital advertising growth and to experience circulation volume and print advertising declines, with advertising revenues likely to remain volatile. FY 2018 revenues, restated for the current portfolio of businesses, were £663 million and the underlying rate of decline of Consumer Media revenues in FY 2019 is expected to be in the mid-single digits. The operating margin is expected to be in the high-single digits in FY 2019. This reflects the revenue reduction, increased newsprint costs and investment in DailyMailTV being partly offset by the benefit of continued cost efficiencies within the newspapers and by an improving contribution from the rest of MailOnline.

Operating Business Reviews

JVs and Associates

	2018 £m	2017[a] £m	Movement %
Euromoney Institutional Investor PLC	56	56	0%
ZPG Plc	23	25	(5)%
Other	(5)	(2)	+130%
Total share of operating profit	**74**	**79**	**(6)%**

[a] Pro forma FY 2017 figures have been restated to treat Euromoney as a c.49% associate for the whole year, consistent with the ownership profile during FY 2018. See reconciliation on page 25.

As well as a diverse portfolio of operating companies, DMGT holds a c.49% associate interest in Euromoney Institutional Investor PLC (Euromoney) and, for most of the year, held a c.30% interest in ZPG Plc (ZPG). Euromoney is a UK listed company and as at 30 September 2018 had a market value to DMGT of £721 million.

Other current JVs and associates include:

- Insurance Risk – c.26% stake in Praedicat, which is dedicated to improving the underwriting and management of casualty risk;
- Property Information – c.40% stake in Real Capital Analytics, an authority on the deals, the players and the trends that drive the commercial real estate investment markets;
- Consumer Media – c.24% stake in Excalibur, which operates the online discount businesses Wowcher and LivingSocial UK; and, since August 2018
- Consumer Media – c.26% stake in Yopa, a UK hybrid estate agent.

Also DailyMailTV, which produces the eponymous US TV show, was a 50% joint venture during the year and became a wholly-owned subsidiary within the Consumer Media division in October 2018.

In FY 2018, the Group's share of operating profits from its JVs and associates was £74 million, a pro forma reduction of £5 million compared to FY 2017, reflecting the absence of ZPG results for the final three and a half months of the year.

Euromoney – DMGT holding c.49%

Euromoney was founded in 1969 by the then City editor of the Daily Mail and has grown into a FTSE-250 global multi-brand information business that provides critical data, price reporting, insight, analysis and events. Euromoney operates out of over 20 offices around the world and its portfolio consists of specialist businesses, spread across three primary categories:

- Asset management – provides independent research, critical news and data and runs networks and conferences for the asset management industry – e.g. BCA Research, Institutional Investor and Ned Davis Research;
- Pricing, data and market intelligence – provides information and analysis critical to clients' business processes and workflows across the metals and mining, telecoms, insurance, airline, banking and forest product industries – e.g. Fastmarkets MB, Fastmarkets AMM, RISI and Insurance Insider; and
- Banking and finance – provides market intelligence, news, training and conferences to the global finance industry – e.g. Euromoney, IMN and Global Capital.

During the year, Euromoney grew its revenues by an underlying 3%. Adjusted profit before tax increased by 3% and results were adversely affected by the disposal of its Global Markets Intelligence Division, which completed in April 2018. DMGT's share of adjusted operating profits were in line with the prior year on a pro forma basis. Euromoney ended the year with £78 million of net cash on its balance sheet.

ZPG – Disposal

DMGT acquired Find a Property and PrimeLocation in 2004 and 2006 respectively for a total cost of £62 million and grew them into the second largest UK property portal business, the Digital Property Group. In 2012, the business merged with Zoopla to form Zoopla Property Group, in which DMGT held a c.55% stake. There was a successful IPO of the company in 2014 for £2.20 per share, when DMGT realised £180 million of proceeds, enabling ZPG to pursue a growth strategy using its own independent balance sheet.

ZPG was acquired by Silver Lake in July 2018 for £4.90 per share and DMGT's proceeds from the disposal of its remaining c.30% stake were £642 million. The substantial return to DMGT from the IPO and subsequent disposal is a clear demonstration of DMGT's long-term approach to value creation.

Other JVs and associates

The share of operating profits and losses from other joint ventures and associates, which are mainly early stage businesses, was a net loss of £5 million. The increase, from £2 million in the prior year, was largely due to investment in DailyMailTV, which is currently in its second season following its successful launch in September 2017.

Investments

DMGT invests in and develops early-stage businesses, including companies in which the Group holds smaller stakes. Since the percentage holdings are too small for the companies to be associates, the Group does not recognise a share of profits or losses from these investments. Investments are in the Consumer Media and B2B sectors, primarily through dmg ventures, which backs disruptive consumer propositions that need to scale and which can leverage the Group's assets to do so. A notable example is Yopa, a business in which DMGT previously held a c.17% stake and was treated as an investment accordingly, but received further investment during the year and consequently became an associate.

The year ahead

The financial performance in the coming year will be affected by the disposal of DMGT's stake in ZPG, by Euromoney's disposal of its Global Markets Intelligence division and by the inclusion of DMGT's share of Yopa's losses. This will be partly offset by the absence of DailyMailTV, which is now a subsidiary. The total share of operating profits from joint ventures and associates in FY 2019 is expected to be at least £40 million.

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DMGT has a strong balance sheet and the foundations in place to deliver long-term growth.

Tim Collier
Group Chief Financial Officer

DMGT's clear portfolio roles, strong balance sheet and clear and disciplined approach to value creation position the Group well to invest in opportunities and to deliver sustained growth over the long term.

The Financial Review details DMGT's performance during a year of transition, where the Group increased the focus within its portfolio and continued its investment to drive long-term growth.

The statutory results include gains on disposals and exceptional items. Profit for the year was £688 million, a 101% increase on the prior year. The year-on-year profit growth was primarily due to reduced impairment charges with substantial gains on disposals being made in both years. Statutory earnings per share increased by 99%. DMGT's balance sheet was strengthened significantly, with the Group ending the year with £233 million of net cash and the defined benefit pension schemes in an improved net surplus position.

The recommended final dividend of 16.2 pence per share gives a total for the year of 23.3 pence, up 3% on the prior year. This continues DMGT's track record of delivering annual real dividend growth and reflects the Board's confidence in the Group's ability to deliver long-term earnings growth.

The Board and management team use adjusted results and measures, rather than statutory results, as the primary basis for providing insight into the financial performance of the Group and the way it is managed. Similarly, adjusted results are used in setting management remuneration. Adjusted results exclude certain items which, if included, could distort the understanding of comparative performance of the business during the year. Consequently, the rest of this Financial Review focuses on adjusted measures. The explanations for the adjustments and the reconciliations to statutory results are shown on pages 27 and 28.

When assessing revenue and operating profit growth, the Board and management focus on underlying growth rates as the most meaningful like-for-like comparison between the current year and the prior year. A more detailed explanation and the calculations are shown on pages 28 and 29. Our holding in Euromoney Institutional Investor PLC (Euromoney) was reclassified as an associate during the prior year, reflecting the reduction in DMGT's shareholding in December 2016. To give a more meaningful year-on-year comparison, prior year pro forma figures have been prepared treating Euromoney as a c.49% associate for the whole year, consistent with FY 2018, as shown on page 25.

Financial highlights: statutory results

Revenue
£1,426m
2017: £1,564m

Operating profit/(loss)
£169m
2017: £(129)m

Profit/(loss) before tax
£692m
2017: £(112)m

Profit for the year
£688m
2017#: £342m

Earnings per share
194.7p
2017#: 97.8p

Dividend per share
23.3p
2017: 22.7p

Go online to www.dmgt.com to read more about our Financial highlights

Performance highlights

DMGT's financial performance in the year was consistent with our expectations. It reflected the impact of disposals and challenging market conditions faced by some of our businesses, particularly UK Property Information and advertising. Nevertheless, the Group's performance demonstrates the benefits of our diversified portfolio and the strength of our market-leading businesses.

Group revenue was in line with the prior year on an underlying basis. Subscription revenue grew by an underlying 4%, with broad-based growth across the EdTech, Energy Information, Property Information and Insurance Risk sectors. Events revenue grew by an underlying 5% and digital advertising by 6%. Transaction revenues were stable on an underlying basis, reflecting increased project revenues in the Insurance Risk sector and lower transaction volumes in the UK residential property market. As expected, print advertising revenues continued to decline and there was a decrease in circulation.

Adjusted operating profit decreased 19% on a pro forma basis[Ω] and by 17% on an underlying basis. The underlying performance reflected growth in profits from Insurance Risk and EdTech being more than offset by the rest of the Group, as expected, notably by Consumer Media and increased Corporate costs. Group adjusted operating margin was 10%, compared to a pro forma margin of 11% in the prior year, due to Consumer Media and Corporate costs. Adjusted profit before tax was £182 million, a 16% decrease on a pro forma basis, reflecting the decrease in operating profit and a reduction in the share of operating profits from joint ventures and associates.

The portfolio focus was increased during the year, as explained in the CEO Review, including the disposals of DMGT's c.30% stake in ZPG Plc (ZPG) and EDR. The Group ended the year with net cash[§] of £233 million and a net cash:EBITDA ratio of 0.8, significantly enhancing DMGT's financial flexibility.

Revenue performance

Group revenues in the financial year were in line with the prior year on an underlying basis. On a pro forma[Ω] basis, revenues decreased 9% to £1,426 million reflecting disposals and the weaker US dollar relative to sterling. The average exchange rate during the year was £1:$1.35 compared with £1:$1.27 in the prior year.

Revenues from B2B businesses grew 3% on an underlying basis, to £773 million, with growth from EdTech, Energy Information, Insurance Risk and Events and Exhibitions partially offset by Property Information, which experienced weakness in the UK. B2B revenues decreased by 12% on a pro forma basis, following the exit of certain Property Information and EdTech businesses and reflecting the weaker US dollar.

Revenues from the Consumer Media business, dmg media, were £654 million, down 4% on an underlying basis. As expected, the growth from MailOnline was more than offset by a decrease in circulation revenues and a continuing decline in print advertising.

The charts on page 24 demonstrate the diverse profile of DMGT's revenues.

Read more on each operating business's revenue performance, pages 16 to 21

Operating profit performance

Adjusted operating profit of £145 million was down by 17% on an underlying basis and by 19% on a pro forma[Ω] reported basis. The reported operating profit was adversely affected by disposals and by the weaker US dollar.

The operating profit of the Group's B2B operations decreased by an underlying 1% to £128 million, with growth from Insurance Risk and EdTech being more than offset by reductions elsewhere. The profit from Consumer Media decreased by an underlying 22% to £64 million as the reduction in the Mail Newspapers' cost base and improved contribution from MailOnline only partially offset the adverse effect of decreasing circulation and print advertising revenues. As expected, Corporate costs increased by an underlying 25% to £47 million, reflecting the strengthening of the central functions, including strategy and technology, to support our revised strategy and assess potential capital allocation decisions.

Financial highlights: adjusted measures*

Underlying^ revenue growth
0%
2017: +1%

Underlying^ operating profit decline
(17)%
2017: (2)%

Operating margin
10%
2017[Ω]: 11%

PBT growth
(16)[Ω]
2017[µ]: +4%

Cash operating income growth
(14)%[Ω]
2017[µ]: +16%

EPS growth
(23)%[Ω]
2017[µ]: +7%

Net cash/(debt)[§]
£233m
2017: £(464)m

Net cash/(debt)[§]:EBITDA
0.8x
2017: (1.4)x

Footnotes are defined on the inside front cover with the exception of those below.

^ Underlying revenue or profit is revenue or operating profit on a like-for-like basis, see pages 28 and 29. Underlying results are adjusted for constant exchange rates, the exclusion of disposals and closures, the inclusion of the year-on-year organic growth from acquisitions and for the consistent timing of revenue recognition. For events, the comparisons are between events held in the year and the same events held the previous time. For Consumer Media, underlying revenues exclude low margin newsprint resale activities. For FY 2017, central dmg information costs allocated to Property Information, EdTech and Energy Information are reclassified to Corporate costs, consistent with all US central costs being included in Corporate costs in FY 2018.

µ 2017 growth rates based on FY 2017 results but pro forma FY 2016 results, treating Euromoney as a c.67% subsidiary for the first three months of the year and as a c.49% associate for the remaining nine months, consistent with the ownership profile during FY 2017.

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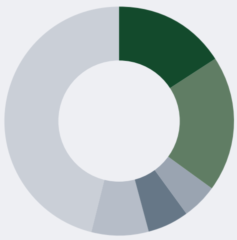
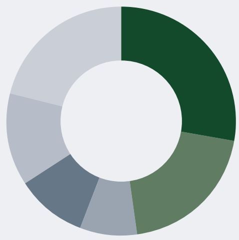
Revenue profile

By business (%)



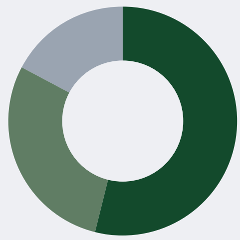
- Insurance Risk 16
- Property Information 19
- EdTech 5
- Energy Information 6
- Events and Exhibitions 8
- Consumer Media 46

By type (%)



- Subscriptions 28
- Circulation 20
- Events 8
- Digital advertising 10
- Print advertising 13
- Transactions and other 21

By destination (%)



- UK 54
- North America 29
- Rest of the World 17

Cash operating income

Cash operating income is a performance metric used by DMGT to assess the cash generation of its businesses. It is calculated by adding back depreciation and amortisation expenses, which are non-cash items, to adjusted operating profit and then deducting capital expenditure. In the financial year, cash operating income for the Group as a whole was £155 million, a decrease of £26 million on a pro forma[Ω] basis, from £181 million in the prior year, due to the £34 million pro forma reduction in operating profit and £17 million reduction in depreciation and amortisation being partly offset by a £25 million reduction in capital expenditure. There was pleasing growth from the B2B portfolio, especially from our Focused growth businesses which are now all generating positive cash operating income.

Joint ventures and associates

The Group's share of the operating profits* of its joint ventures and associates was £74 million compared to £69 million in the prior year, although there was a decrease of 6% on a pro forma basis. DMGT's c.30% stake in ZPG was disposed of during the year and consequently the results exclude the final three and a half months of ZPG's performance.

Business performance

	Revenues (FY 2017 pro forma[Ω])				Operating profit* (FY 2017 pro forma[Ω])			
	FY 2018	FY 2017	Growth		FY 2018	FY 2017	Growth	
	£m	£m	Reported	Underlying^	£m	£m	Reported	Underlying^
B2B								
Insurance Risk	**229**	233	(2)%	+5%	**35**	33	+5%	+16%
Property Information	**272**	328	(17)%	(2)%	**58**	52	+12%	(8)%
EdTech	**68**	115	(41)%	+9%	**7**	16	(55)%	+205%
Energy Information	**86**	88	(3)%	+7%	**–**	2	(83)%	(64)%
Events and Exhibitions	**118**	117	+1%	+5%	**28**	31	(9)%	(8)%
	773	881	(12)%	+3%	**128**	133	(4)%	(1)%
Consumer Media	**654**	683	(4%)	(4)%	**64**	77	(17)%	(22)%
Corporate costs					**(47)**	(32)	+50%	+25%
DMGT	**1,426**	**1,564**	(9)%	0%	**145**	**179**	(19)%	(17)%

Cash operating income

£ million	Source	FY 2018	FY 2017	FY 2017 pro forma[Ω]
Adjusted Group operating profit	Tables on page 28	**145**	198	179
Add: Depreciation of tangible fixed assets	Note 3	**27**	35	34
Add: Amortisation of intangible fixed assets (e.g. products and software)	Note 3	**33**	44	43
Less: Purchase of tangible fixed assets	Cash flow	**(30)**	(21)	(18)
Less: Expenditure on intangible fixed assets (e.g. products and software)	Cash flow	**(20)**	(58)	(57)
Add: Proceeds from tangible fixed assets	Cash flow	**–**	1	1
DMGT Cash operating income		**155**	**199**	**181**

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Further information on our JVs and associates' performance can be found on page 21 of this report.

Financing costs

Adjusted net finance costs, including DMGT's £4 million share of associates' interest costs, were £37 million, an 11% pro forma reduction on the prior year. DMGT benefited from lower average net debt levels during the year.

The pension finance credit, which is excluded from adjusted results, was £2 million compared to a £5 million charge in the prior year.

Results before taxation

Adjusted profit before tax was £182 million, a 16% decrease on a pro forma basis, reflecting the pro forma reduction in operating profit and the exclusion of the share of ZPG's profits for the last three and a half months of the year.

Taxation

The adjusted tax charge for the year, after adjusting for the effect of exceptional items, was £33 million, see note 11, compared to £27 million in the prior year on a pro forma basis. As expected, the adjusted tax rate was 18.2%, an increase on the pro forma basis 12.6% in FY 2017, due to new legislation substantively enacted at the start of the year restricting the use of historic UK losses. Due to the geographical mix of profits, the effective tax rate is expected to increase to around 20% in FY 2019 and gradually increase further over the next few years.

The statutory tax charge for the year was £4 million. This excludes the share of joint ventures' and associates' tax charges of £31 million.

Profit after tax

Adjusted Group profit after tax and minority interests was £149 million, a decline of 23% on a pro forma basis.

Earnings per share

Adjusted basic earnings per share were 42.2 pence, down 23% on a pro forma basis. The weighted average number of shares in issue during the year was 354.1 million, up slightly from 353.1 million in the previous year.

Net cash and cash flow

Net cash§ at the end of the year was £233 million, an improvement of £697 million compared to the £464 million net debt position at the start of the year. The net cash:EBITDA ratio was 0.8 at the year end. The Group's operating cash flow was £117 million, including £50 million of capital expenditure. The conversion rate of operating profits to operating cash flow was 80%, compared to the 87% pro forma rate in the prior year. Operating cash flow was adversely affected by the timing of payments for newsprint.

Net proceeds from disposals, including expenditure on acquisitions and investments, were £738 million and included £642 million gross proceeds from the disposal of DMGT's stake in ZPG and £152 million from the disposal of EDR. Cash out flows included dividends of £81 million, interest payments of £37 million, taxation of £22 million and pension funding of £13 million. The Group broadly matches the profile of its net debt by currency to the components of its operating cash flow by currency. The stronger US dollar at year end, relative to the prior year end, resulted in an adverse debt revaluation of £4 million.

At the year end, the Group's cash, cash equivalents and short term deposits totalled £675 million. Bond debt was £424 million, with £219 million maturing in December 2018, £9 million maturing in April 2021 and £197 million maturing in June 2027. There was also £18 million of net debt in respect of loan notes, collateral and derivatives. The Group's committed bank facilities were £431 million, which were completely unutilised.

In December 2017, Standard & Poor's revised its corporate credit rating for DMGT from BBB- to BB+, following the reduction in DMGT's profit margin due to the deconsolidation of Euromoney. In January 2018, Fitch reaffirmed its BBB- investment grade rating. The Group's preferred upper limit for gearing remains a net debt to adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) ratio of 2.0, below the requirements of the Group's bank covenants.

Capital allocation framework

DMGT prioritises organic investment opportunities and takes a long-term approach, investing through the cycle. DMGT is also committed to its policy of delivering dividend growth in excess of inflation with the dividend remaining the primary mechanism for returning capital to shareholders.

The Group adopts a balanced and flexible approach to uses of capital across two remaining categories: acquisitions and shareholder returns. DMGT is committed to its disciplined approach to acquisitions

Pro formaΩ

Euromoney ceased to be a c.67% owned subsidiary and became a c.49% owned associate in December 2016. As a subsidiary, 100% of Euromoney's revenue and operating profit was included in DMGT's results whereas as an associate, DMGT recognises its share of operating profits. The table below makes revisions to FY 2017 to treat Euromoney as a c.49% owned associate for the whole year, consistent with the ownership profile during FY 2018.

£ million	FY 2018	FY 2017 Reported	FY 2017 Revision	FY 2017 Pro formaΩ	Pro forma Growth
Revenue	**1,426**	1,660	(95)	1,564	(9)%
Operating profit	**145**	198	(19)	179	(19)%
Income from JVs and Associates	**74**	69	9	79	
Net finance costs	**(37)**	(42)	–	(41)	
Profit before tax	**182**	226	(10)	216	(16)%
Tax charge	**(33)**	(29)	2	(27)	
Minority interests	**–**	(1)	5	4	
Group profit	**149**	196	(3)	194	
Earnings per share	**42.2p**	55.6p	(0.8)p	54.8p	(23)%
Revenue: B2B	**773**	976	(95)	881	
Operating profit: B2B	**128**	153	(19)	133	

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and will prioritise bolt-on targets to complement its existing portfolio of businesses. The Group also aims to prioritise the allocation of capital towards growth opportunities, particularly those that can benefit from technological or market disruption. Maintaining financial flexibility remains a strategic priority, enabling DMGT to be acquisitive in the future, as opportunities arise.

Pensions

The Group's defined benefit pension schemes provide retirement benefits for UK staff, largely in dmg media. These schemes are closed to new entrants. The net surplus on the schemes increased from £62 million at the start of the year to £244 million at 30 September 2018, calculated in accordance with IAS 19 (Revised). During the year, the value of the assets increased and there was a reduction in the value of the defined benefit obligation.

Funding payments into the main schemes were £13 million in the year and are expected to be £13 million in FY 2019, in accordance with the existing 2016 funding plan, since the schemes remain in deficit on an actuarial basis. The funding plan includes payments of approximately £16 million p.a. from FY 2020 to FY 2027. In addition, a contribution equal to 20% of any share buy-backs is contributed to the schemes. Contributions will be discontinued should the schemes' actuary agree the schemes are no longer in deficit. The next actuarial valuation is scheduled for 31 March 2019.

Dividends

The Board aims to deliver sustained dividend growth in real terms. The recommended final dividend is 16.2 pence which, if approved, would make the total dividend for the year 23.3 pence, an increase of 3% over the prior year. The recommended full year dividend is equivalent to 55% of adjusted earnings per share and continues DMGT's track record of increasing the dividend in excess of inflation. The Board's decision to recommend increasing the dividend, in real terms, despite the decline in adjusted earnings during the year reflects the Group's dividend policy and the Board's confidence in the Group's ability to deliver future long-term earnings growth. The dividend policy is to grow the dividend in real terms and, in the medium term, to distribute around one-third of the Group's adjusted earnings. This policy reflects the combined

Viability Statement

In accordance with provision C.2.2 of the 2016 Corporate Governance Code, the Directors have assessed the prospects of the Company. The Board adopts a long-term approach to portfolio management and performance review and has continued to rebalance the business portfolio. This has left the Group with £675 million of cash reserves and £431 million of undrawn committed bank facilities at the year end. Following repayment of the 2018 bond in December 2018, amounting to £219 million, the Company's only remaining substantial bond maturity occurs in 2027. Whilst the net cash and available facilities afford the Group significant headroom for taking a long-term view, the viability assessment is intended to stress test a collection of potential but extreme scenarios which could have a significant negative impact on the Group.

Notwithstanding the significant changes already made to our portfolio, an increasing focus on portfolio management remains a short term strategic priority. This priority together with the impact of rapid changes in technology on certain of our business and the impact of portfolio rebalancing – which will require improved operational execution in the short term – indicates that our viability period should consider a shorter time frame. Accordingly the Board has chosen a period of three years which is consistent with the Group's business planning cycle and includes the next maturity date for the Group's long-term bond financing, being our 5.75% bonds due December 2018.

The Board's assessment of the Company's future prospects and viability determined the Group's overall risk capacity by considering banking and bond covenants, other financial commitments, and borrowing capacity to determine the maximum loss from risk events that the Group could endure whilst remaining viable. The assessment has also been made with reference to the Group's current position and prospects, the Group strategy, the Board's risk appetite and principal risks, which the Directors review at least annually. The key factors affecting the Group's future prospects and viability are:

- DMGT manages a portfolio of operating companies with diversity across sector, revenue stream and geography. See page 24 in the Financial Review for the Group's revenue profile.
- Financial flexibility through a strong balance sheet with continued good cash flow generation and net debt to EBITDA ratio comfortably below our preferred upper limit.
- The Group's ability to restructure quickly through the portfolio management of operating company subsidiaries and investments in JVs and associates.
- The long-term view of the Company afforded by the family shareholding.

Group forecast revenue, operating profit, EBITDA and cash flows were subject to robust downside stress testing over the assessment period, which involved modelling the impact of a combination of hypothetical and severe adverse scenarios. This was focused on the impact of a number of the Group's principal risks crystallising, including:

- The impact of successive key product investment failures across the Group.
- The impact of a significantly accelerated decline in circulation volumes and print advertising and lower growth in digital advertising affecting profits from the Consumer Media businesses.
- The impact of a significant decline in UK housing transaction volumes affecting profits of the European Property Information businesses.
- The impact of a severe cyberattack resulting in the loss of high volumes of personal data, considering both the reputational impact, recovery costs and regulatory fines.
- The impact of macroeconomic factors including large foreign exchange fluctuations, significant increases in interest rates and corporation tax increases.

Mitigations considered as part of the stress testing included a number of cost reduction programmes and disposals of operating company subsidiaries and dilution of the Group's stake in JVs and associates.

Based on the analysis described above, the Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due over the next three years.

objectives of delivering a reliable and predictable dividend growth trajectory while also being sufficiently prudent to retain the flexibility to make significant investments in the long-term future growth of the business.

Exceptional items, impairments and amortisation

As explained in more detail below, certain items, including exceptional costs, impairments and some amortisation are excluded from adjusted results. The exceptional cash costs in the year were £3 million, a significant reduction compared to £43 million in the prior year, reflecting the absence of exceptional severance and consultancy costs. Total exceptional operating costs, including those of joint ventures and associates, were £25 million (2017 £50 million).

The charge for amortisation of intangible assets arising on business combinations, including the share from joint ventures and associates, was £32 million (2017 £50 million). Following the decision to re-architect the RMS(one) platform, the carrying value of the RMS(one) asset, which related to costs incurred prior to August 2016, was fully impaired resulting in a charge of £58 million. Total impairment charges in the year were £63 million, including DMGT's share of associates' charges. This was a significant reduction compared to the prior year, when the Group incurred £231 million of impairment charges against goodwill and intangible assets and £42 million of charges for impairment of plant.

The Group recorded other net gains on disposal of businesses and investments of £658 million, including DMGT's share of associates' gains, compared to a net gain of £530 million in the prior year. DMGT recognised a £508 million of gain on the disposal of its stake in ZPG and a £52m gain on the disposal of EDR, the US Property Information business.

Outlook

In FY 2019, we will continue to invest and to deliver further operational efficiencies. Expectations are that the B2B portfolio will deliver low-single digit underlying revenue growth and a mid-teens margin; the underlying reduction in Consumer Media revenues will be in the mid-single digits and the Consumer Media margin will be high-single digit; Corporate costs to be less than £45 million and to be reduced further in FY 2020; the share of operating profits from JVs and associates to be at least £40 million; net finance charges to be around £15 million and the effective tax rate to be around 20%.

Our strategy, and balanced and flexible approach to capital allocation, positions us to deliver on the Group's long-term revenue, profit and cash flow potential.

Adjusted results

The Board and management team use adjusted results and measures, rather than statutory results, to give greater insight to the financial performance of the Group and the way it is managed. The tables on page 28 show the full list of adjustments between statutory operating profit and adjusted operating profit by business, as well as between statutory profit before tax and adjusted profit before tax at Group level for both FY 2018 and FY 2017.

Note 13 on page 122 shows the full list of adjustments between statutory and adjusted results. The table on page 28 shows a summarised version of the reconciliation from statutory profit before tax to adjusted profit before tax.

The explanation for each type of adjustment is as follows:

i. Discontinued operations: the adjusted results for FY 2017 include the pre-disposal results of discontinued operations, namely Euromoney, in which DMGT reduced its stake from c.67% to c.49% in December 2016, whereas statutory results only include continuing operations.
ii. Exceptional operating costs: businesses occasionally incur exceptional costs, including severance and consultancy fees, in respect of a reorganisation that is incremental to normal operations. Similarly, for the Group's B2B businesses, there may be legal costs in respect of litigation that are outside the ordinary course of business and sufficiently material to be treated as an exceptional cost. These are excluded from adjusted results.
iii. Impairment of plant: occasionally the carrying value of an asset in the balance sheet is considered to be greater than the value in use or the fair value less costs to sell and it is appropriate to impair it. The associated charge is excluded from adjusted results since it is unrelated to the ongoing cost of doing business. The ongoing depreciation and amortisation of tangible assets and software, including products, is, however, an everyday cost of doing business and is included in both statutory and adjusted results. A reorganisation may also result in the write-off of the carrying value of tangible fixed assets, as was the case during FY 2017 when the Consumer Media division closed its Didcot printing plant, and this expense is excluded from adjusted results.
iv. Intangible impairment and amortisation: when acquiring businesses, the premium paid relative to the net assets on the balance sheet of the acquired business is classified as either goodwill or as an intangible asset arising on a business combination and is recognised on DMGT's balance sheet. This differs to organically developed businesses where assets such as employee talent and customer relationships are not recognised on the balance sheet. Impairment and amortisation of intangible assets and goodwill arising on acquisitions are excluded from adjusted results as they relate to historical M&A activity and future expectations rather than the trading performance of the business during the year. An example is the impairment in FY 2017 of the goodwill and intangible assets associated with Xceligent, the US Property Information business.

Focused on driving long-term shareholder value

Financial Review

v. Profit on sale of assets: the Group makes gains or losses when disposing of businesses, for example on the disposal of EDR, the US Property Information business. These items are excluded from adjusted results as they reflect the value created since the business was formed or acquired rather than the operating performance of the business during the year. Similarly, the gains or losses made by joint ventures or associates when disposing of businesses are excluded from adjusted results.

vi. Pension finance credit: the finance credit or charge on defined benefit schemes is a formulaic calculation that does not necessarily reflect the underlying economics associated with the relevant pension assets and liabilities. It is effectively a notional charge and is excluded from adjusted results.

vii. Other adjustments: other items that are excluded from adjusted results include changes in the fair value of certain financial instruments and changes to future acquisition payments. They are considered to be unrelated to the ongoing cost of doing business. The share of joint ventures' and associates' tax charges is included in statutory profit before tax but, since it is a tax charge, is excluded from adjusted profit before tax. The share of joint ventures' and associates' interest charges is reclassified to financing costs in the adjusted results.

Underlying growth

When assessing the performance of the different businesses, the Board considers the adjusted results. The year-on-year change in adjusted results may not, however, be a fair like-for-like comparison as there are a number of factors which can influence growth rates but which do not reflect underlying performance.

When calculating underlying growth, adjustments are made to give a like-for-like comparison. For example, the adjusted results in FY 2018 were adversely affected by the weakening of the US dollar relative to sterling. To calculate underlying growth, the prior year comparatives are restated using the FY 2018 exchange rates.

Reconciliation of statutory operating profit to adjusted operating profit: FY 2018

£ million	Insurance Risk	Property Information	EdTech	Energy Information	Events and Exhibitions	Consumer Media	Corporate costs	JVs and Associates	Group	Explanation
Statutory operating profit	(24)	48	5	–	27	46	(52)	118	**169**	
Exceptional operating costs	–	2	–	(4)	–	18	5	5	25	ii
Intangible impairment and amortisation	58	9	3	4	1	–	–	21	95	iv
Exclude JVs and Associates								144	(144)	
Adjusted operating profit	**35**	**58**	**7**	**–**	**28**	**64**	**(47)**		**145**	

Reconciliation of statutory operating profit to adjusted operating profit: FY 2017

£ million	Insurance Risk	Property Information	EdTech	Energy Information	Events and Exhibitions	Euromoney	Consumer Media	Corporate costs	JVs and Associates	Group	Explanation
Statutory operating profit	30	(39)	(3)	(154)	28	–	26	(33)	17	**(129)**	
Discontinued operations	–	–	–	–	–	13	–	–	(1)	12	i
Exceptional operating costs	3	12	8	7	3	1	9	2	7	50	ii
Impairment of plant	–	–	–	–	–	–	42	–	–	42	iii
Intangible impairment and amortisation	–	79	12	149	–	5	1	–	36	282	iv
Exclude JVs and Associates									59	(59)	
Adjusted operating profit	**33**	**52**	**16**	**2**	**31**	**19**	**77**	**(32)**		**198**	

Pro forma[Ω] adjusted operating profit of £179 million for Group.

Reconciliation of statutory profit before tax to adjusted profit before tax

£ million	FY 2018	FY 2017	Explanation
Statutory profit/(loss) before tax	**692**	(112)	
Discontinued operations	**–**	523	i
Exceptional operating costs	**25**	50	ii
Impairment of plant	**–**	42	iii
Intangible impairment and amortisation	**95**	282	iv
Profit on sale of assets	**(658)**	(530)	v
Pension finance (credit)/charge	**(2)**	5	vi
Other adjustments	**30**	(33)	vii
Adjusted profit before tax	**182**	226	

Pro forma[Ω] FY 2017 adjusted profit before tax of £216 million.

Similarly, adjustments are made to completely exclude disposals from both years. When businesses are acquired, the prior year comparatives are adjusted to include the acquisition.

The timing of events within Events and Exhibitions can also be a distortion. To give a fair like-for-like comparison when calculating underlying growth, the FY 2017 comparative is amended to include the revenues and profits from the previously held events for each FY 2018 show.

In FY 2018, DMGT's revenues decreased by 9% on a pro forma[Ω] basis and the adjusted operating profit decreased by 19% on the same basis. The growth rates were adversely affected by disposals and by the weaker US dollar. After adjusting for these factors as well as others, such as acquisitions and the timing of events, the underlying growth rates were 0% for revenues and a 17% decrease in adjusted operating profit, as shown in the table below.

Tim Collier
Group Chief Financial Officer

Underlying performance

£ million	FY 2018				FY 2017					
	Reported	M&A	Other	Underlying	Reported	M&A	Exchange rates	Other	Underlying	Underlying growth
Revenue										
Insurance Risk	**229**	**–**	**–**	**229**	233	–	(14)	–	219	+5%
Property Information	**272**	**(34)**	**–**	**237**	328	(83)	(3)	–	242	(2)%
EdTech	**68**	**–**	**–**	**68**	115	(45)	(4)	(4)	63	+9%
Energy Information	**86**	**(13)**	**–**	**72**	88	(17)	(3)	–	68	+7%
Events and Exhibitions	**118**	**–**	**–**	**118**	117	1	(5)	–	112	+5%
Euromoney	**–**	**–**	**–**	**–**	95	(95)	–	–	–	N/A
B2B	**773**	**(48)**	**–**	**725**	976	(239)	(30)	(4)	704	+3%
Consumer Media	**654**	**–**	**(35)**	**619**	683	(5)	(3)	(34)	642	(4)%
DMGT	**1,426**	**(48)**	**(35)**	**1,344**	1,660	(244)	(32)	(38)	1,346	0%
Operating profit										
Insurance Risk	**35**	**–**	**–**	**35**	33	–	(3)	–	30	+16%
Property Information	**58**	**(1)**	**–**	**57**	52	7	(1)	5	63	(8)%
EdTech	**7**	**–**	**–**	**7**	16	(11)	–	(3)	2	+205%
Energy Information	**–**	**2**	**–**	**2**	2	3	–	1	5	(64)%
Events and Exhibitions	**28**	**–**	**–**	**27**	31	–	(2)	–	30	(8)%
Euromoney	**–**	**–**	**–**	**–**	19	(19)	–	–	–	N/A
B2B	**128**	**1**	**–**	**129**	153	(20)	(6)	3	130	(1)%
Consumer Media	**64**	**–**	**–**	**64**	77	5	–	–	82	(22)%
Corporate costs	**(47)**	**–**	**–**	**(47)**	(32)	–	–	(6)	(38)	+25%
DMGT	**145**	**1**	**–**	**146**	198	(15)	(6)	(3)	174	(17)%

Entrepreneurialism, Purpose and Excellence

Our People and Our Stakeholders

DMGT encourages curiosity and innovation amongst our people, and is built around a set of values that are common across our diverse portfolio of operating companies – entrepreneurialism, purpose and excellence.

Our people are encouraged to be open to new thinking and great ideas, embracing their company's purpose: to act with compassion and to challenge their own limits. In turn, they can expect the support of experienced leaders, high-quality learning and development tools and the type of career opportunities afforded by working within a diverse, international portfolio of businesses.

Our values

The way DMGT thinks about its business and its people is embodied in our three overarching values:

Entrepreneurialism

Purpose

Excellence

Entrepreneurialism

Since brothers Alfred and Harold Harmsworth invented popular journalism in 1896 with the launch of the Daily Mail, entrepreneurs have been a driving force for DMGT's business.

DMGT is dedicated to backing great ideas and the people who make them a reality. DMGT seeks out entrepreneurs renowned in their industries for growing businesses and provides them with the backing and resources of a multinational public company. DMGT's culture of nurturing and developing talented entrepreneurial people remains a distinctive strength of the Group.

Purpose

Alongside our commitment to entrepreneurialism, DMGT's businesses and our people operate with a clear sense of purpose, beyond profit.

DMGT is able to invest for long-term sustainable growth and quality and in businesses that share our ethos, whether that's providing insights that make it possible to 'insure the uninsurable', driving towards ever-greater transparency across property markets, enriching connections between businesses and communities with industry-leading exhibitions or holding authority to account through high-quality journalism.

DMGT is a responsible business, dedicated to its people and communities, and operates to a clear set of principles and ethical standards. DMGT also supports and encourages purpose within our community. This is achieved through a range of local partnerships within the communities our businesses serve and Group-wide programmes such as our Corporate Responsibility (CR) Champions network.

Go online to www.dmgt.com to read more about our communities programme

Excellence

DMGT is committed to excellence, demonstrated through its dedication to creating the highest quality content, proprietary data and products.

Our aim is to be at the forefront of cutting-edge technology and within new, exciting, high-potential growth sectors.

As a driver in technological innovation, DMGT is defining the jobs of the future through its work in data science, artificial intelligence, machine learning and predictive analytics found across businesses including Insurance Risk, EdTech and Energy Information.

DMGT holds a wealth of top leadership talent and sector expertise at Group level and across its operating companies. Our people are supported by a range of tailored local learning and development programmes.

In FY 2018, the Group continued its programme to leverage our scale and the expertise of our people to improve sharing best practice across the Group, supporting DMGT's operating companies.

DMGT established and upgraded a number of business functions including technology, M&A and performance management, building on expert knowledge and best practice from around the Group.

Our people

DMGT's people play a key role in helping the Group deliver against its strategic priorities, particularly improving operational execution.

We believe that talented, motivated people are the key to our success and are committed to providing a working environment that allows people to reach their full potential.

Talent and development

We have continued to invest in our people and develop high-potential leaders at early stages in their career. Our Emerging Leaders programme was designed to equip talented people with stretching experiences to accelerate their development and realise their potential. Our ambition is to enable people to be the best they can be to deliver today and build for tomorrow. Our people have the chance to develop at DMGT doing meaningful and interesting work that will stretch them, taking advantage of all the opportunities that our diverse group of businesses can offer.

Keeping our people informed

One of the challenges of a geographically diverse organisation is ensuring that we can effectively communicate with all of our people.

DMGT is dedicated to enhancing employee engagement across the Group by creating local brand advocates, embracing best practices and driving corporate responsibility.

This year we have enhanced employee collaboration by adopting platforms such as Slack, and refining our internal newsletters, daily email news bulletins, weekly round-ups, and Group-wide intranet driven by an increased focus on measurement to better target and understand our audiences.

HRIS project

DMGT has invested in a technology upgrade to its current HR systems, by implementing a common HR information platform across the portfolio. The system will empower employees, managers and leaders to view and manage aspects of their employment in a more efficient manner.

Responsible business

DMGT is a responsible business that adheres to strong ethical standards with a clear, robust Code of Conduct.

In a climate where employees, customers and other stakeholders are increasingly interested in the way companies do business, the things we do to encourage responsible business practice and respond to the needs of our different stakeholders contribute to the credibility and value of DMGT's reputation and employer brand.

These include:

- Strong governance and leadership which promote responsible business attitudes and actions across the Group;
- Clear and robust Code of Conduct and supporting Group policies;
- Ensuring DMGT employees understand key legal and reputational issues;
- Operating effective risk management and internal controls; and
- Business level participation in CR and community support.

Code of Conduct and Group Policies

Our Code of Conduct sets the standards for our corporate and individual conduct. The Code of Conduct includes standards for equal opportunities, anti-bribery, conflicts of interest, share dealing and fair competition among other topics. The Code of Conduct contains clear guidance regarding equality, diversity and inclusion. Many of the topics in the Code are supported by detailed policies and procedures for our employees.

In addition, policies regarding equal opportunities, entertainment and gifts, information security, data privacy and health and safety apply to DMGT employees. These policies, as well as our Code of Conduct, safeguard the welfare of our employees. All DMGT policies are available for employees to access on the Group-wide intranet. Where appropriate, certain policies are housed on the DMGT website. DMGT's equal opportunities statement can be found on the DMGT website and applies to both employees and DMGT supervisory bodies.

We have a rolling review programme to update DMGT policies and conduct continuous training to reinforce compliance.

Human rights

The Company believes that our exposure to the associated risks in the context of human rights frameworks is minimal. DMGT does not have a specific human rights policy but has a number of policies that cover areas such as health and safety, modern slavery, bribery and corruption. In addition, new suppliers are evaluated with a questionnaire to ensure they are ethical and lawful.

Whistleblowing

Employees who have concerns regarding criminal activity, gross misconduct and/or a breach of the DMGT Code of Conduct or supporting policies have a duty to report such activity. DMGT operates a confidential Speak Up facility to aid any such reports. The Speak Up facility is managed externally by a specialist third party. All incidents are tracked to ensure appropriate follow-up. The Audit & Risk committee is provided with a summary of any incidents.

Gender breakdown of our employees

The Company upholds equal opportunities and does not discriminate. The table below sets out the gender breakdown of our employees. Our aim is to promote equality and diversity in accordance with our Group Code of Conduct.

	Male		Female	
	At 30 September 2018			
Board Directors	10	83%	2	17%
Operating company CEOs, and direct reports to the Group CEO*	6	50%	6	50%
All employees*	3,574	60%	2,348	40%

* Excluding Executive Board Directors.

Gender Pay reporting

For the first time in 2018, two of DMGT's UK-based operating companies with over 250 employees reported on their Gender Pay Gap. Both Landmark and dmg media published their data in April 2018 on their respected websites. DMGT as an employer believes in 'Equal pay for equal work' and is committed to equal pay and conducts ongoing reviews to ensure we have the best possible processes in place.

Reporting on Gender Pay will now be an ongoing requirement and will be overseen by DMGT's Remuneration & Nominations Committee.

Payments Practices reporting

Similarly, in April 2018 DMGT's UK-based operating companies Landmark and dmg media published their Payment Practices data. DMGT is committed to ensuring that all of its suppliers are paid within the agreed terms.

Six-monthly reporting on Payment Practices will now be an ongoing requirement will be overseen by DMGT's Audit & Risk Committee.

Our communities

As a diverse, international business, DMGT focuses its community efforts on a combination of Group-level partnerships that allow it to make the most of its scale and size, and support for local community initiatives and relief efforts, through its CR Champions network.

Total charitable donations during the year were over £1 million. Funds donated include CR initiatives carried out at our operating companies.

Go online to www.dmgt.com/corporate-responsibility

Carbon footprint

DMGT's most significant environmental impact comes from the printing plants in our Consumer Media businesses. The majority of the Group's newspapers are produced at plants designed to be as efficient as possible; this reduces energy usage, vehicle movements and the volume of waste generated. There is also a considerable effort to maximise the volume of waste recycled including newsprint waste, water and heat recovery.

DMGT is, and has for many years been, committed to comprehensive and transparent reporting of its environmental performance. The Group has collected CO_2 emissions data from each of its operating companies. This data is collated and independently reviewed by environmental consultancy ICF International, which calculates the Group's emissions following the Greenhouse Gas Protocol. The reduction in the Group's carbon footprint for FY 2018 can be seen in the table below.

Carbon footprint

The table below shows the evolution of our carbon footprint since 2016:

	Tonnes of CO_2e			tCO_2e/£million revenue
Year	Scope 1: Combustion of fuel and operation of facilities	Scope 2: Electricity, heat, steam and cooling purchased for own use	Scope 3: Business travel and outsourced delivery	Total scope 1, 2 & 3 emissions/revenue
2018	**1,400**	**13,000**	**13,300**	**14.4**
2017	1,200	15,300	14,700	16.2
2016	1,400	17,200	14,500	17.3

Actively monitoring and managing our risks

Principal Risks

The Directors confirm that they have completed a robust assessment of the Group's principal risks and a thorough review of risk management processes.

The Group's risks are categorised as either strategic or operational. Strategic risks are linked to the Group's strategic priorities and impact the whole Group. Operational risks are those arising from the execution of the business functions and typically impact on one or more of the principal businesses.

Further details of the Group's risk management process, the governance structure surrounding risk and the Audit & Risk Committee can be found in the Governance Report on pages 40 to 53

Strategic risks

Description and impact	Examples
Market disruption Market disruption creates opportunities as well as risks. Disruption enables us to move into new markets and geographies and encourages us to innovate to grow the business. Failure to anticipate and respond to market disruption may affect demand for our products and services and our ability to drive long-term growth.	Market disrupters include changes to customer behaviours and demands, new technologies, the emergence of competitors or structural changes to markets. Examples from the operating companies include: • Consumer Media: decline in print advertising revenue. • Consumer Media: changes in algorithms and strategies of tech giants materially impacting traffic and digital advertising revenue across properties, demanding constant oversight and agility. • Insurance Risk: structural decline in client markets and consolidation in insurance industry. Changing consumer expectations of insurers' utilisation of technology. • EdTech: declining foreign student enrolment pressuring higher education budgets.
Success of new product launches and internal investments A lack of innovation or failure to successfully evolve our products and services may compromise their appeal. Some may fail to achieve customer acceptance and yield expected benefits. This could result in lower than expected revenue and/or impairment losses. Uncertainty also results from geographic expansion into new and emerging markets.	The Group is continually investing in our products and services, developing new offerings and enriching existing products and services. Examples include: • Consumer Media: increased monetisation of online user base. • Insurance Risk: re-architecture of the RMS(one) platform to take advantage of the growing benefits of new technology. • Property Information: Trepp's launch and development of Collateralized Loan Obligation analytics service. • Events and Exhibitions: innovation within and expansion of events and launches across new locations.
Portfolio management Increasing portfolio focus is key to the Group's strategy. This could be compromised by portfolio changes not delivering expected benefits, failure to deliver acquisition or operating targets, and/or delay or delinquency in divesting from non-core businesses at the right time.	• Growth opportunities and potential synergies lost through failure to identify or succeed with acquisition and investment targets. • Lost acquisitions may allow competitors to gain footholds in key markets. • Underperforming acquisitions and investments may lead to reduced return on capital and/or impairment losses, as well as diversion of management time and bandwidth. • Optimal value may not be achieved from divestments.
Economic and geopolitical uncertainty Group performance could be adversely impacted by factors beyond our control such as the economic conditions in key markets and sectors and political uncertainty.	• Uncertainty surrounding the conditions of Brexit directly impacts the UK macroeconomic climate (Consumer Media) and UK property transaction volumes (Property Information). • Fluctuations in the global energy and commodity markets could impact revenue for both Genscape (Energy Information) and associated trade shows (Events and Exhibitions). • Political and economic uncertainty, particularly in the Middle East, could negatively impact Genscape's customers, as well as the exhibitors and attendees of events and exhibitions. • Sustained global low interest rate environment will continue to impact margins for global investors, including in insurance (Insurance Risk) and property (Property Information).

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Risk increased   Risk did not change   Risk decreased

Mitigation	Trend
• The Group's diverse and balanced portfolio of businesses and products reduces the overall Group impact of any single market disruption. • Organic investment initiatives across the Group to innovate our products and services and to remain competitive in the markets we serve. Organic investment was 8% of total revenues in FY 2018. • The Executive Committee, supported by the Performance Management and Strategy function and operating companies' management teams, monitor markets, the competitive landscape and technological developments; regular dialogue and in-person meetings ensure proactive, coordinated responses. • Performance Improvement Programme sets business-specific priorities and actively monitors improvements. • Analysis of the performance management dashboard and detailed financial management information for each operating company to highlight and react to early indicators of market disruption. • DMGT executive membership of operating company boards.	Risk did not change
• The autonomous culture of the Group encourages an entrepreneurial approach to identifying growth opportunities and new products. • Central capital allocation ensures focused investment in quality business cases. • A new innovation or business line is ring-fenced where required, to ensure it receives autonomous execution, dedicated talent, budget and undiluted management focus. • Direct engagement from DMGT functional leads and DMGT Board Directors contribute relevant expertise and guidance. • Performance Management and Strategy team partner with each operating company to support achievement of key milestones, KPIs and financial plans. • Significant investments are approved by the Investment & Finance Committee and/or the Board.	Risk did not change
• The Executive Committee continues to evaluate the Group's portfolio in order to optimise resource allocation according to portfolio roles, business opportunities and risk-adjusted execution. • Investments and divestments are approved by the Investment & Finance Committee and, where warranted, the Board. • Extensive due diligence conducted pre-acquisition and comprehensive integration plans implemented post-acquisition by dedicated integration managers. • Proactive, detailed divestment roadmaps, including sell-side narrative, seller due diligence and talent incentives/retention. • The Executive and Investment & Finance Committees supported by the Performance Management and Strategy function monitor post-acquisition performance. • DMGT executive membership of operating company boards and associate boards (e.g. Euromoney, Yopa, Wowcher, WellAware, TreppPort).	Risk did not change
• The Group's diverse and balanced portfolio of businesses and products reduces the overall impact of any single trend. • Quarterly Emerging Risk papers provided to the Audit & Risk Committee ensure both DMGT and operating company management consider and remain vigilant regarding emerging risks and their potential impact.	Risk increased This risk increased over FY 2018 due to the uncertainty created as a result of Brexit in the UK, as well as the challenging political and economic climate in the Middle East.

Actively monitoring and managing our risks

Principal Risks

Strategic risks continued

Description and impact	Examples
Talent Our ability to identify, attract, retain and develop the right people for senior and business-critical roles could impact the Group's performance.	• Entrepreneurship and leadership skills are a priority for the Group and key to the continued success of many of our operating companies. • Technology and software development skills remain crucial to many of our businesses where there is significant investment in software platforms and technology infrastructure to support next-generation product development. • The strategy to build out our data analytics capabilities places focus on developing and attracting data scientists and specialists in machine learning, artificial intelligence and other emerging technologies. These skills are in high demand, which makes attracting and retaining people with these skills more competitive. • Enterprise sales and operational execution expertise with market and product knowledge are vital.

Operational risks

Description and impact	Examples
Information security breach or cyberattack An information security breach, including a failure to prevent or detect a malicious cyberattack, could cause reputational damage and financial loss. The investigation and management of an incident would result in remediation costs and the diversion of management time. A breach of data protection legislation could result in financial penalties for the affected business and potentially the Group.	The risk is relevant to all businesses in the Group due to the nature of products and services across the portfolio. Examples which could impact the Group include: • Loss or unauthorised access to personal information and sensitive client data. • Unavailability or disruption of online products and services. • Integrity of online products, services and data compromised. • Disruption to critical systems that support business operations. • Theft of intellectual property.
Reliance on key third parties Certain third parties are critical to the operations of our businesses. A failure of one of our critical third parties may cause disruption to business operations, impact our ability to deliver products and services and result in financial loss. The reputation of our businesses may be damaged by poor performance or a regulatory breach by critical third parties, particularly outsourced service providers.	Key third parties include: • Data centre and cloud service providers. • Search engine traffic partners. • IT development support. • Data providers for core product. • Newsprint, flexographic plate and ink suppliers. • Newspaper distributors and wholesalers. • Event venues.
Compliance with laws and regulations The Group operates across multiple jurisdictions and sectors. Increasing regulation increases the risk that the Group is not compliant with all applicable laws and regulations across all of the jurisdictions in which it operates, which could result in financial penalties and reputational damage. Increasing regulation also results in increasing costs of compliance.	Particular areas of focus for DMGT businesses are: • Data protection, including the EU General Data Protection Regulation (GDPR) and the proposed ePrivacy Regulation. • Competition and anti-trust legislation. • EU Market Abuse Regulation. • Libel legislation. • Tax compliance. • Trade sanctions. • Entering regulated markets or sectors.
Pension scheme deficit Defined benefit pension schemes, although now closed to new entrants, remain ultimately funded by DMGT, with Pension Fund Trustees (Trustees) controlling the investment allocation. There is a risk that the funding of the deficit could be greater than expected.	Future pension costs and funding requirements could be increased by: • Adverse changes in investment performance. • Valuation assumptions and methodology. • Inflation and interest rate risks.

Mitigation	Trend
• Local HR specialists focused on recruitment, critical skills planning, identifying and developing internal talent combined with central oversight of reward. • Central technology function with specialised expertise in artificial intelligence, machine learning, data architecture and management, platform development and scaling. • Technology Council oversight of technology hires. • Central Strategy and Performance Management function partners with operating companies' management advising on critical skills to improve operational and commercial performance, including pricing and packaging strategies, go-to-market and sales execution and business case development and planning. • Executive management is involved in the recruitment of all operating company leadership roles and their ongoing development. • Payment of competitive rewards for key senior roles, developed using industry benchmarks and external specialist input.	→

Mitigation	Trend
• Information Security Steering Committee led by the DMGT CEO, providing oversight of information security initiatives in the Group. • The newly appointed Group Chief Information Security Officer is responsible for reviewing and recommending actionable roadmaps to improve information security procedures and protections at each operating company. • Group information security policy and detailed information security standards with regular reviews reported to the Information Security Steering Committee. Periodic reviews of the standards themselves are performed to ensure they keep pace with best practice. • Information security is reviewed as part of every internal audit of an operating company. • Cyber insurance policies in place. • Dedicated budget for information security investments.	↑ This risk increased over FY 2018 as the inherent threat of an information security breach or cyberattack continues to increase, as does the sophistication of potential cyberattack methods. This is partially offset by continuous improvement in information security controls.
• The Group's diverse and balanced portfolio of businesses and products reduces the overall impact of the failure of an individual third party. • Operational and financial due diligence is undertaken for key suppliers on an ongoing basis. • Close management of key supplier relationships including contracts, service levels and outputs. • Robust business continuity arrangements for the disruption to key third parties. • Event cancellation and business interruption insurance policies.	→
• Changes in laws and regulations are monitored and potential impacts discussed with the relevant persons, Board, or Committee, or escalated as appropriate. • Developments in the legal and regulatory landscape are reviewed by the Audit & Risk Committee. • Implementation and monitoring of Group-wide policies to address new legislation and regulation where applicable. • Group-wide working groups for key compliance areas, such as the GDPR. • Monitoring and management of tax risks is performed by the DMGT Tax Sub-Committee.	→
• The agreed funding plan gives certainty over the financial commitment until FY 2019. • Monitoring and management of pension risks is performed by the DMGT Pension Sub-Committee. • Company-appointed Trustees.	↓ This risk has decreased over FY 2018 as the Group's defined benefit schemes' accounting surplus increased, and exposure to future investment and inflation risk was further reduced.

The Strategic Report was approved by the Board on 28 November 2018 and signed on its behalf by the Group Chief Financial Officer.

By order of the Board

Tim Collier
Group Chief Financial Officer

Governance

Board of Directors and Company Secretary

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Key to Board and Committees

- Audit & Risk Committee
- Remuneration & Nominations Committee
- Investment & Finance Committee

Paul Dacre served on the Board until 26 September 2018.

1. The Viscount Rothermere

Chairman

Appointed to the Board: 1995
Appointed Chairman: 1998

Skills and experience:
Lord Rothermere brings significant experience of media and newspapers. He worked at the International Herald Tribune in Paris and the Mirror Group before moving to Northcliffe Newspapers in 1995. In 1997 he became Managing Director of the Evening Standard.

Other appointments: Euromoney Institutional Investor PLC Board (until November 2017); ZPG Plc (from November 2017 until July 2018) and Independent Television News Limited (until November 2018).

2. P A Zwillenberg

CEO

Appointed to the Board and CEO: 2016

Skills and experience:
Paul Zwillenberg has over 30 years' experience across the media industry. He has a broad knowledge of the Group, having set up the digital division of dmg media (formerly Associated Newspapers digital) in 1996. Prior to joining DMGT, Paul was the Global Leader of Media Sector and Senior Partner and Managing Director at The Boston Consulting Group. Before that he founded an early interactive media company and launched a European technology services firm.

Other appointments: Euromoney Institutional Investor PLC Board and its Remuneration and Nominations Committees until November 2017.

3. T G Collier

Group Chief Financial Officer

Appointed to the Board and Group Chief Financial Officer: 2017

Skills and experience:
Prior to joining DMGT, Tim Collier was Chief Financial Officer of Thomson Reuters Financial and Risk Business where he was responsible for driving financial and risk performance, optimising resources and enhancing growth through organic and strategic investments. Tim's experience has spanned media and business information industries and functions including banking, corporate finance, treasury, insurance, internal audit, accounting and M&A.

Other appointments: Euromoney Institutional Investor PLC Board and its Nominations and Audit Committees from November 2017.

4. K J Beatty

Executive Director

Appointed to the Board: 2004

Skills and experience:
Kevin Beatty brings many years of media industry experience and is now Chief Executive of dmg media. Before joining the group he was Managing Director of the Scottish Daily Record and Sunday Mail. Kevin has been Managing Director of The Mail on Sunday, the Evening Standard and London Metro, COO of Associated New Media and Managing Director of Northcliffe Newspapers.

Other appointments: ZPG Plc (until November 2017); Euromoney Institutional Investor PLC Board and its Remuneration and Nominations Committees (from November 2017); PA Group (until November 2018); Excalibur, which operates the Wowcher and Living Social daily deals businesses.

He is a board member of the NMA and Chairman of the RFC, the body that funds IPSO (Independent Press Standards Organisation).

5. Lady Keswick

Independent Non-Executive Director

Appointed to the Board: 2013

Skills and experience:
Lady Keswick's extensive career is based in public policy and international affairs, particularly in Asia. She is the former Director of the Centre of Policy Studies and was, until recently, its Deputy Chairman. She was the Special Policy Adviser to the Rt. Hon. Kenneth Clarke QC MP, working at the Departments for Health, Education and Science, the Home Office and HM Treasury. She previously worked in advertising and journalism. In 2013, Lady Keswick was elected Chancellor of the University of Buckingham.

No other appointments.

6. A H Lane

Non-Executive Director

Appointed to the Board: 2013

Skills and experience:
Andrew Lane brings a range of experience of dealing in complex legal and regulatory matters. He is a partner at Forsters LLP and specialises in private client law.

Other appointments: Trustee of the Pension Fund of the Royal Agricultural Society of England.

7. F L Morin

Non-Executive Director (Canadian)

Appointed to the Board: 2017

Skills and experience:
François Morin brings a broad range of experience and skills to the Board arising from his role as Partner at the Canadian law firm Borden Ladner Gervais. He is a qualified lawyer admitted to the Québec Bar. In particular, he brings an international perspective relevant to the Group's global operations and experience of regulatory matters across a range of areas. François also has a strong record of community involvement including as director on a number of charitable boards.

No other appointments.

8. D H Nelson

Non-Executive Director

Appointed to the Board: 2009

Skills and experience:
David Nelson provides the Board and its Committees with relevant financial expertise, gained through a career in accounting. He is a Partner at Dixon Wilson, Chartered Accountants. He is an adviser to UK-based families and their businesses, advising on financial and tax matters in the UK and overseas. He is a trustee of a number of substantial UK trusts.

Other appointments: Mind Gym plc (Non-Executive Director); Dulwich Preparatory Schools Trust (a registered charity – Chairman), and The Rye, Winchelsea & District Memorial Hospital Limited.

9. K A H Parry OBE

Independent Non-Executive Director

Appointed to the Board: 2014

Skills and experience:
Kevin Parry is a chartered accountant who brings a broad range of experience and skills to the Board. He serves on a number of listed company boards and has previously been a Non-Executive Director of Schroders plc, Knight Frank LLP and the Homes and Communities Agency. He has extensive experience chairing companies as well as audit, risk and nominations committees. He was CFO of Schroders plc, CEO of Management Consulting Group PLC and the managing partner of KPMG's information, communications and entertainment practice in London.

Other appointments: Intermediate Capital Group plc (chairman), Nationwide Building Society, Standard Life Aberdeen plc (Senior Independent Director) and Royal National Children's SpringBoard Foundation (chairman).

10. JP Rangaswami

Independent Non-Executive Director

Appointed to the Board: 2017

Skills and experience:
JP Rangaswami brings extensive knowledge and experience in the fields of data and computer science. He was the Chief Data Officer and Group Head of Innovation at Deutsche Bank until September 2018. He is a director and trustee of the Web Science Trust and adjunct professor in Electronics and Computer Science at the University of Southampton.

Other appointments: Allfunds Bank S.A.

11. J H Roizen

Independent Non-Executive Director (American)

Appointed to the Board: 2012

Skills and experience:
Heidi Roizen provides the Board with experience in digital media, entrepreneurial growth and business development in both public and private companies in the US. She teaches entrepreneurship at Stanford University. Heidi was Vice President of Worldwide Developer Relations for Apple Computers, as well as being CEO and co-founder of pioneering consumer software company T Maker. She is a Partner at DFJ, a venture capital firm in California.

Other appointments: DFJ.

12. D Trempont

Independent Non-Executive Director (American)

Appointed to the Board: 2011

Skills and experience:
Dominique Trempont brings experience as a Chief Executive Officer, Chairman and Independent Board Director in large multinational high-tech companies and start-ups. He has extensive knowledge of software and digital data/content businesses, artificial intelligence, machine learning, cyber security, online B2C and B2B markets. He is currently on the board of companies focusing on disruptive innovation and emerging markets.

Other appointments: Airspan, ON24, Real Networks.

F L Sallas

Company Secretary

Appointed as Company Secretary: 2017

Skills and experience:
Fran Sallas is Secretary to the Board, Audit & Risk Committee, Remuneration & Nominations Committee and the Investment & Finance Committee. Fran is a Fellow of the Institute of Chartered Secretaries and Administrators.

Governance
Chairman's Statement on Governance

The Viscount Rothermere
Chairman

In this section

I am pleased to present the Corporate Governance Report for FY 2018. Strong governance is essential to the way DMGT operates; it is promoted by the Board and cascades throughout the Group. It is a key factor in our ability to achieve growth in a profitable, responsible and sustainable manner and in how we maximise shareholder value over the long term. DMGT's approach to governance is distinctive; in addition to typical corporate procedures, we are able to rely on and utilise the significant benefits from the family shareholding and the long-term view that this engenders.

Our approach to governance

Our governance framework sets out clear parameters for decision-making. This is achieved through delegated authorities which ensures decisions are made by the appropriate body and that there is clear accountability to the DMGT Board.

Governance practice continues to evolve. The 2018 UK Corporate Governance Code will apply to DMGT from FY 2020. As per our current approach to the 2016 UK Corporate Governance Code (Code), we will voluntarily apply the new provisions where appropriate and explain when we are not in compliance but believe our approach to be better aligned with all our shareholders' needs.

Areas of focus

The Board continues to work closely with the executive team, offering support and robust challenge in a spirit of openness and transparency. Areas of particular focus for the Board include our approach to our portfolio of businesses and their continued growth, as well as divestments, rigorous financial management, balanced capital allocation and managing a strong balance sheet. Additionally, the Board has focused on our people agenda and leadership capabilities.

Read more in CEO Review, pages 10 to 13

Board composition

Our Board was strengthened during the year by the appointment of JP Rangaswami as Independent Non-Executive in February 2018 as detailed on page 2.

In addition to my comments in the Chairman's Statement on page 2 the Board would like to thank Paul Dacre for his brilliant stewardship of the Daily Mail and other titles within the Group over three decades and also for his contribution to the DMGT Board.

Go online to www.dmgt.com/about-us/board-and-governance

The Viscount Rothermere
Chairman

> "Strong governance is essential to the way DMGT operates."

Committee structure

The Board and Committee structure is set out below:

DMGT

DMGT Board

Collectively responsible for the long-term success of the Company.

Executive Committee

The Executive Committee meets regularly to discuss all aspects of the Group's performance and strategy, particularly performance management, capital allocation and senior talent considerations.

Investment & Finance Committee

The Investment & Finance Committee evaluates investment opportunities and financing proposals and monitors returns on investments made.

Audit & Risk Committee

The Audit & Risk Committee has responsibility for:

- the Company's financial reporting;
- narrative reporting;
- the Internal and External Audit processes; and
- the signing off of external disclosures.

The Committee also oversees:

- the Group's system of internal controls and risk management;
- the Group's risk register, risk appetite and tolerance, including as part of the Viability Statement; and
- developments in relevant legislation and regulation.

Time is allocated at each meeting for both Audit and Risk matters, to ensure that all items are adequately addressed.

Remuneration & Nominations Committee

The Remuneration & Nominations Committee ensures that remuneration arrangements support the strategic aims of the business and enables the recruitment, motivation and retention of senior executives in a manner that is aligned to shareholder interests, while also complying with the requirements of regulation. It also reviews the structure and composition of the Board and its Committees, in particular the skills, knowledge and experience of Directors.

Time is allocated at each meeting for both Remuneration and Nominations matters, to ensure that all items are adequately addressed.

Family shareholding

Rothermere Continuation Limited (RCL) is a holding company incorporated in Bermuda. The main asset of RCL is its holding of DMGT Ordinary Shares. RCL is owned by a trust (Trust) which is held for the benefit of Lord Rothermere and his immediate family. Both RCL and the Trust are administered in Jersey, in the Channel Islands. The directors of RCL, of which there are seven, included two directors of DMGT during the reporting period: Lord Rothermere and François Morin.

RCL has controlled the Company for many years. RCL maintains that the Company should be managed in accordance with high standards of corporate governance for the benefit of all shareholders; this has been the case throughout the period of RCL's control.

RCL has again indicated to the Company that its intentions for the Company's governance are long term in nature and that it will discuss with the Board of the Company any material change in its intentions. In particular, RCL has confirmed its intention that the Company will:

- continue to observe the Listing Principles in their current form;
- continue to maintain a securities dealing code for certain of its employees;
- continue to voluntarily observe the UK Code on a 'comply or explain' basis; and
- have an appropriate number of Independent Non-Executive Directors on its Board.

It is also intended by RCL that the Company's Independent Directors would take decisions on behalf of the Company in relation to any proposed transaction between the Company and RCL, or between the Company and an associate of RCL, where any such proposed transaction would have been a related party transaction under Chapter 11 of the Listing Rules.

Governance

Corporate Governance

UK Corporate Governance Code

The 2016 UK Corporate Governance Code (Code) is an important part of how we operate. It allows a 'comply or explain' approach to achieving best governance practice. We have chosen to explain our governance practices if these do not fully meet the provisions of the Code. This allows us to recognise our requirements under the Code and the benefits of our shareholding structure. Our explanations, where we deviate from the Code, are set out in the relevant sections of this Corporate Governance Report. DMGT will report on the 2018 UK Corporate Governance Code from FY 2020.

Information required under DTR 7.2.6 is provided on page 77 and forms part of this Report. The full Code can be found at the Financial Reporting Council website https://www.frc.org.uk/.

Leadership

The Board has a duty to promote the long-term success of the Company for its shareholders. This includes: the review and monitoring of strategic objectives; approval of major acquisitions, disposals and capital expenditure; financial performance; reviewing the effectiveness of the Group's systems of internal controls; governance; risk management; and training and development.

Persons Discharging Managerial Responsibility

As part of the Company's continuing obligation to ensure compliance with the Listing Rules and related regulations, we have identified that Directors and other senior executives who have regular access to inside information and the power to make managerial decisions affecting the future development and business prospects of the Company are those on the Board, Executive Committee and regular attendees at the Investment & Finance Committee.

How the Board operates

There is a schedule of matters reserved to the Board. This details key matters in respect of the Company's management that the Board does not delegate. This can be seen at www.dmgt.com/about-us/board-and-governance. If any Director had any concerns about the way the Board was operating, these would be recorded in the minutes. No such concerns were raised during the reporting period. Day-to-day management of the Company is the responsibility of the Executive Committee and of the executive management of the operating companies.

Delegation of authority

The Board has delegated certain activities to Board Committees, under formal terms of reference, details of which are set out on pages 45 to 53.

Go online to www.dmgt.com/about-us/board-and-governance for full Terms of Reference

Division of Chairman and CEO responsibilities

In accordance with the provision A.2.1 of the Code, the roles of Chairman and CEO are separate. The Chairman is responsible for leading the Board and overseeing operations and strategy. The CEO is responsible for the execution of the strategy and the day-to-day management of the Group and is supported by the Executive Committee.

Non-Executive Directors

The Non-Executive Directors, as members of the Board and its Committees, are responsible for ensuring the Company has effective systems of internal controls and risk management, and additionally, for monitoring financial performance. All Committee Chairmen report to the Board on Committee activity at each Board meeting.

Senior Independent Director

The Chairman has an interest in the Shares of the Company through the Trust and the Board feels that there is no need for a Senior Independent Director to represent Shareholders. Accordingly the Board has not appointed a Senior Independent Director as recommended under Code provision A.4.1. The Remuneration & Nominations Committee (without the Chairman being present) annually assesses the Chairman's performance. Other Directors consider that they can represent themselves freely to the Chairman. However, when a situation arises that would best be handled by an individual Independent Non-Executive Director, the most appropriate person is appointed by the Board (with or without the Chairman being present, as appropriate).

Independence

The Board has determined that Lady Keswick, Kevin Parry, JP Rangaswami, Heidi Roizen and Dominique Trempont are independent within the meaning of provision B.1.1 of the Code.

Andrew Lane, François Morin and David Nelson are not considered to be independent within the meaning of the Code. Andrew Lane and David Nelson are each advisers to the Chairman and François Morin is a Director of RCL. Nevertheless, the Board believes that these Non-Executive Directors make an important contribution to its deliberations and have invaluable experience of the Company, its business and its employees.

Less than half of the Board are Independent Non-Executive Directors, which is not in line with provision B.1.2 of the Code. The Board believes that its current composition is appropriate taking into account the heritage of the Group, the interests of our operating companies represented on the Board, and that a good balance is achieved from the Board's Non-Executive Directors in terms of skill and independence. The Board keeps this under review.

Effectiveness

The Board reviewed its effectiveness within the context of the provisions of Section B of the Code. In addition to its review of independence and the Board evaluation process, discussed separately, the Board discharged its Code duties as follows:

- Appointments: the Remuneration & Nominations Committee is responsible for referring potential appointments to the Board for approval and is assisted by the CEO. Further details are in the Remuneration & Nominations Committee Report on page 53;
- Time: the time commitment of each Non-Executive Director is set out in his/her Letter of Engagement. Each Letter of Engagement is renewed annually following consideration by the Remuneration & Nominations Committee and a shareholder vote at the Annual General Meeting (AGM);
- Multiple commitments: the Remuneration & Nominations Committee recognises that Board members may be directors of other companies and that this additional experience is likely to enhance discussions at the Board. Details of any additional directorships are on pages 36 and 37. Executive Directors are generally permitted to hold non-executive directorships as long as they do not lead to conflicts of interest or time;
- Development and information: on joining, Directors receive a comprehensive, tailored induction programme, which includes time with the Company Secretary and Legal Adviser, the Executive Directors and a range of senior managers across the Group. During the year, as part of a rolling training programme, the Board has received updates on key areas of finance and governance as well as detailed presentations by operating companies; and
- Re-election: in line with principle B.7 of the Code, all Directors are eligible to stand for re-election annually and will do so at the 2019 AGM.

Relations with shareholders

Any concerns raised by shareholders in relation to the Company and its affairs are communicated to the Board through regular briefings. Summaries of analysts' reports are circulated to the Board. Feedback from institutional shareholder meetings held with the executive management, or the Investor Relations team is also communicated to the Board.

DMGT understands the importance of considering a company's responsibilities to a broad stakeholder group. When making decisions, the Board considers the impact on its employees, customers, the communities in which we operate, its shareholders and its suppliers, in line with s172 of the Companies Act 2006.

The Company's website, www.dmgt.com, provides the latest news, historical financial information, details about forthcoming events for shareholders and analysts, and other information relevant to shareholders regarding the Group.

Board evaluation

In FY 2018, the Board undertook a review of its own performance and those of its Committees, which built on the results of the FY 2017 review. The review was conducted through an internal process facilitated by the Company Secretary. An online questionnaire was used, focusing on the remit and key issues facing the Board. In particular, the Board considered how it was discharging its strategic remit and reviewed key issues facing the Group and its businesses.

Completed questionnaires were submitted and reviewed by the Chairman. A summary of findings was presented to the Board in a manner that did not identify individual specific responses, ensuring that the follow-up discussion with the entire Board was open. The responses showed that the Board welcomed the process and that overall, the Board was content with the progress during the year and that the Board and its Committees continue to function well.

There was a continuous monitoring programme to ensure that items addressed in the FY 2017 evaluation were also addressed during the year.

Actions arising from the evaluation included ensuring that time on the Board agenda was allocated to the continued review of Board composition in relation to technology skills and experience; and oversight of operating companies through regular strategy updates.

Governance

Corporate Governance

Board composition and diversity

We have continued to review the composition of the Board during FY 2018 to ensure that we have the right combination of members to contribute effectively to the development of our strategy and how we operate. We consider diversity in its broadest sense in reviewing how the Board operates and its composition.

JP Rangaswami was appointed to the Board on 7 February 2018 to ensure the mix of skills and expertise represented complements our strategic goals.

The split of the Group's profits between our US and other businesses, the global nature of our operations and the range of activities undertaken across the Group has been reflected over recent years in our Board appointments. Maintaining this broad range of appropriate skills, including international and specific sector experience will continue to be a factor in our Board succession planning.

The Board is aware of and takes into account the principles regarding diversity of its senior management. This is considered as part of the senior management appointment process. Further details on our approach are included in the Remuneration & Nominations Committee Report on page 53.

DMGT Board – membership

Member	Member for the full period	Meetings held	Meetings attended
Chairman The Viscount Rothermere	Yes	5	5
CEO P A Zwillenberg	Yes	5	5
Group Chief Financial Officer T G Collier	Yes	5	5
Executive Directors			
K J Beatty	Yes	5	5
P M Dacre	No (until 26 September 2018)	5	4
Non-Executive Directors			
Lady Keswick	Yes	5	5
A H Lane	Yes	5	5
F L Morin	Yes	5	5
D H Nelson	Yes	5	5
K A H Parry	Yes	5	5
JP Rangaswami	No (joined 01/12/2017)	4 (after 01/12/2017)	4
J H Roizen	Yes	5	4
D Trempont	Yes	5	5

The Board's focus in FY 2018

Board members have visited, received presentations and functional area updates from DMGT's operating companies on a rolling basis. During the year, as part of the Directors' ongoing development and follow-up from the FY 2017 Board evaluation process, these updates were a combination of presentations to the whole Board and smaller groups as deemed appropriate and detailed below.

Portfolio management and strategy

- A strategic review of the portfolio.
- Future size and shape of the Group.
- Non-Executive Directors David Nelson and Dominique Trempont attended RMS Exceedance in Miami in May 2018.
- Presentations by the operating companies.
- A visit by Non-Executive Directors to Landmark Information Group.
- The New York Board meeting incorporated a site visit to Trepp and demonstration of the Trepp CLO product.

Read more in CEO Review, pages 10 to 13

Risk management

- With the support of the Audit & Risk Committee, review of the Group's principal risks, other key risk areas and performance against risk appetite.
- Approval of the Group's Viability Statement and risk appetite for FY 2019.

Read more in Principal Risks, pages 32 to 35

People

- Approval of the appointment of JP Rangaswami as an Independent Non-Executive Director.
- Discussions regarding senior appointments and succession planning.
- Updates on talent management.
- Presentation to Non-Executive Directors on succession and senior executives.
- Non-Executive Directors were given the opportunity to meet with emerging leaders across the Group.

Finance and capital

- Assessment and monitoring on a regular basis, performance against agreed financial targets, budget and returns on investment.
- Approval of authority limits and process for investments.
- Assessment and monitoring of approach to pensions and tax policy.

Read more in Financial Review, pages 22 to 29

Governance

- Regular updates throughout the year including on Market Abuse Regulation, 2018 UK Corporate Governance Code, Payments Practices Reporting, Gender Pay Gap Reporting, Modern Slavery and Human Trafficking, General Data Protection Regulation as well as reports from the Committee Chairmen.
- Approval and changes to updated Terms of Reference and matters reserved to the Board.
- Review of the quality of the External Audit.
- Review of 'DMGT Essentials', the Group internal governance guide for operating companies.

Board oversight of risk management and internal controls

The Board delegates day-to-day oversight of management's operations of internal controls and risk management to the Audit & Risk Committee. The Board considers that the Audit & Risk Committee possesses the requisite skills and experience to meet its obligations and provide the relevant assurance to the Board. Operating and investment decisions are delegated to the Investment & Finance Committee. Further details of the activities of these Committees are on pages 45 to 53.

The Board has overall responsibility for establishing, monitoring and maintaining an effective system of risk management and internal controls. This system provides reasonable rather than absolute assurance that the Group's business objectives will be achieved within the risk tolerance levels defined by the Board.

The Group's operating companies have a level of autonomy regarding the establishment of risk management and internal control systems, but are overseen by a central management team which reports to the Board. Certain functions are undertaken centrally, including: Group Accounting; Investor Relations; Strategy; Risk; Internal Audit; Corporate Tax; Treasury; and Insurance.

The Board has established an ongoing process for identifying, evaluating and managing the principal risks faced by the Company. This process has continued throughout the year and up to the date of approval of the financial statements. Monitoring is an ongoing process and principal risks are formally reviewed at half year and year end.

Read more in Principal Risks, pages 32 to 35

Risk management function

Throughout the year, the Group had separate Risk and Internal Audit functions. This separation minimises the threat of self-review across our 'three lines of defence' model (see page 44). The Risk function provides an increased focus on priority risk areas. It is responsible for maintaining the Group risk management process, facilitating change for selected risks, evolving our approach to operational compliance, and working with other Group functions. The Risk function engages specialist external expertise to maintain best practice approaches. To ensure an open discussion of emerging risks, the Chairman of the Audit & Risk Committee met separately with the Senior Risk Managers during the year, independent of operational management.

Internal Audit

The Internal Audit function undertakes an agreed programme of independent assurance reviews. The function sources external expertise as required from specialist suppliers. This mix of internal and specialist resource works well. Internal Audit seeks to comply with relevant professional standards, notably those issued by the Institute of Internal Auditors.

The Internal Audit Charter (the Charter) sets out the purpose and objectives of Internal Audit. The Charter takes a systematic and disciplined approach to the evaluation and improvements in control and governance processes. It strengthens the function's independence and objectivity by means of the function's reporting lines and access to all records, personnel, property and operations of the Group. To ensure his independence from management, the Director of Internal Audit reports directly to the Chairman of the Audit & Risk Committee. The Charter confirms the high-level responsibilities of operational management (first line of defence) and ensures that the Internal Audit function undertakes its third line of defence duties, avoiding any first or second line duties. The Charter is reviewed annually and updated as required to take account of changing practices and standards. The Audit & Risk Committee is satisfied that the provisions of the Charter have been achieved in the year.

The Board formally evaluated the system of risk management and internal control in conjunction with the Audit & Risk Committee during the year (see pages 45 to 52). This evaluation focused on material controls relating to principal risks and entity-level controls, as well as additional controls and processes required to support the Company's Viability Statement (see page 26). The evaluation also considered any control weaknesses identified by Internal or External Audit, or as a result of incidents of fraud. Controls over the recording of amounts in the Group's consolidated financial statements relating to investments have also been assessed and considered as appropriate.

Although DMGT does not have the ability to dictate or modify controls at its material associates, notably Euromoney Institutional Investor PLC (Euromoney), the Directors review the effectiveness of the systems of risk management and internal control at these entities via Board representation.

Monitoring and oversight

The Group operates a 'three lines of defence' model. The benefits of this approach are shown in the table on page 44. The Board delegates day-to-day responsibility for internal controls to operational management with oversight by the Executive Committee and the Audit & Risk Committee.

Governance

Corporate Governance

Three lines of defence table

First line of defence	Second line of defence	Third line of defence
Each operating company is responsible for the identification and assessment of risks, understanding the Group's risk strategy and operating appropriate controls.	Risk, supported as appropriate by other functional areas, particularly information technology, legal, tax and finance, reviews the completeness and accuracy of risk assessments, reporting and adequacy of mitigation plans.	Internal Audit provides independent and objective assurance on the robustness of the risk management framework and the effectiveness of internal controls.
Benefits • Ownership and responsibility remains close to the operating companies and their attendant performance. • Promotes a strong culture of adhering to limits and managing risk exposures in accordance with each business's risk appetite and the regulatory environment. • Promotes a healthy risk culture and long-term approach to risk management.	**Benefits** • Understand aggregated risk positions. • Objective oversight and challenge to the business areas and internal control and risk management framework used in the first line. • Provide ongoing training and support on Group-wide risks to the operating companies.	**Benefits** • Independent assurance on the system of risk management and internal controls. • Assessment of the appropriateness and effectiveness of internal controls. • Internal Audit provides assurance to the Audit & Risk Committee.

Key features of the risk management and internal controls system

The main features of the system of risk management and internal controls in relation to the financial reporting process are described below:

1. Confirmation of key internal controls, and the fraud and bribery assessment

Each operating company confirms the operation of key internal controls to Internal Audit annually. The purpose of the assessment is to confirm the operation of a framework of internal controls, including anti-fraud controls, which are expected to be in place in each business unit. These internal controls are intended to provide standards against which the control environments of DMGT's business units can be monitored. An annual fraud and bribery risk assessment is completed simultaneously, detailing risks and mitigating controls. In each case, the Internal Audit team reviews and follows up on these submissions, as appropriate.

2. Review of relevant and timely financial information

Each of the operating companies and DMGT executive management regularly review relevant and timely financial information. This is produced from a financial information system operated across the Group. It is supported by a framework of forecasts as well as annual budgets that are approved by the Executive Committee and confirmed by the Investment & Finance Committee.

3. Senior Accounting Officer sign-off

The Group Chief Financial Officer is the Senior Accounting Officer and is required, by HMRC, to certify that the Company, and its subsidiaries, have established and maintained appropriate arrangements to ensure that tax liabilities are calculated accurately in all material respects.

Fair, balanced and understandable

One of the key governance requirements of a group's annual report is for it to be fair, balanced and understandable. The coordination and review of Group-wide input into the Annual Report is a specific project, with defined time frames, which runs alongside the formal audit process undertaken by the External Auditor. The Audit & Risk Committee's and the Board's confirmations of satisfaction with the process and the statements being made is underpinned by:

- Comprehensive guidance being provided to the operating companies in respect of each of the requirements for, and each of their contributions to, the Annual Report;
- A verification process in respect of the factual context of the submissions made;
- Comprehensive sign-off process by owners of all statements made; and
- Comprehensive reviews undertaken at different levels of the Group with the aim of ensuring consistency and overall balance.

As a result of this process, the Audit & Risk Committee and the Board are satisfied with the overall fairness, balance and understandability of the Annual Report.

Board Committees

Executive Committee

The Executive Committee is responsible for the day-to-day operation of the Group in line with the overall strategic aims set by the Board.

Membership

Member	Member for the full period
The Viscount Rothermere (Chairman)	Yes
P A Zwillenberg	Yes
T G Collier	Yes
K J Beatty	Yes
R Chandhok	No Joined 01/03/2018

The Executive Committee meets regularly. It has a broad remit covering strategy and its execution, and operational performance oversight.

Key activities

- Business reviews with all operating companies at least twice yearly.
- Performance management review and analysis.
- Talent acquisition and management.
- Review of key investment and divestment opportunities and capital allocation decisions.
- Budget approval and tracking against budget.

Governance

The Executive Committee is designed to represent key businesses and functions. It ensures that there is appropriate support for and challenge to the operating companies.

Investment & Finance Committee

The Investment & Finance Committee evaluates the benefits and risks of investment opportunities and financing proposals up to a value threshold with the Board. The Investment & Finance Committee provides regular updates to the Board including monitoring returns on investments made and progress against agreed targets.

Membership

There were eight meetings held in the year.

Member	Member for the full period
The Viscount Rothermere (Chairman)	Yes
P A Zwillenberg	Yes
T G Collier	Yes
A H Lane	Yes
D H Nelson	Yes
K A H Parry*	Yes

* Independent.

Governance

- The Investment & Finance Committee reviewed its membership and approved that Lord Rothermere continue as its Chairman.
- The Investment & Finance Committee reviewed its Terms of Reference and those of the Pensions and Tax Sub-Committees and these were updated to reflect any changes during the year.
- The Investment & Finance Committee confirmed that it and its Sub-Committees had complied with their Terms of Reference and had been effective throughout the year.

Key activities

- Reviewing all acquisitions, disposals and capital expenditure within its remit, including presentations made by operating companies to request support in line with strategic objectives.
- Reviewing performance against budget and plan including reviewing debt position, tracking performance against the original investment case and assumptions for acquisitions and investments.
- Oversight of the Company's pension scheme planning, including discussions with the various scheme Trustees and their advisers and the latest triennial valuations.
- Reviewing the Company's dividend planning activities.
- Reviewing and approving the Company's tax strategy.
- Reviewing the Committee's effectiveness.

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Audit & Risk Committee: Chairman's Introduction

In the context of our changing business, we have focused our audit work on judgemental areas of accounting and auditing, and our risk work on high-impact possible events.

There is a comprehensive process to review significant business risks to the Group including financial risk, operational risk and compliance risk that could affect or impact the achievement of the Group's strategy and business objectives.

The following pages set out the Audit & Risk Committee's Report for the financial year. The report is structured in four parts:

- How the Audit & Risk Committee operates: membership, key responsibilities, governance, effectiveness and operating practices;
- Review of the year: key activities and the significant financial reporting and auditing issues and other financial matters;
- Oversight: risk and controls, and internal audit; and
- External Auditor: auditor independence; and audit quality and materiality.

Dear Shareholders

I am pleased to present the Audit & Risk Committee Report.

We operate as a combined Audit and Risk Committee. This year, the external audit in respect of the year ended 30 September 2017 was reviewed by the Financial Reporting Council's Audit Quality Review Team. The Committee was pleased with the outcome of their assessment with no significant issues raised.

During the year we maintained our emphasis on threats to cyber security and closely monitored and encouraged diligent preparations for the General Data Protection Regulation (GDPR). We will also continue to monitor the potential impact of Brexit on DMGT.

The Group has maintained its focus on operational effectiveness during the year. The Committee focuses on ensuring risk management procedures and the internal and external audits address changing requirements.

Kevin Parry
Audit & Risk Committee Chairman

Membership

Member	Member for full period	Meetings held	Meetings attended
K A H Parry (Chairman)*	Yes	6	6
A H Lane	Yes	6	5
D H Nelson	Yes	6	6
D Trempont*	Yes	6	6

* Independent.

The Audit & Risk Committee meets at least five times a year. This year the Committee met six times, reflecting the work associated with the implementation of the GDPR and ongoing emphasis on cybersecurity.

All members of the Audit & Risk Committee are Non-Executive Directors and two are Independent Non-Executive Directors. The Committee as a whole has competence relevant to the sectors in which DMGT operates, providing an effective level of challenge to management. Kevin Parry is a former senior audit partner, former chief financial officer and has extensive experience as an audit committee chairman. David Nelson is a partner of an accounting practice. Dominique Trempont is a former chief financial officer and has extensive experience as an audit committee chairman and member. Consequently Kevin Parry, David Nelson and Dominique Trempont are designated under provision C.3.1 of the Code as the financial experts with competence in accounting and auditing.

Key responsibilities

The Audit & Risk Committee's terms of reference are on our website at www.dmgt.com/about-us/board-and-governance.

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The integrity of the Group's financial results and internal control systems are important to the Directors and the shareholders. Consequently, the Audit & Risk Committee encourages and seeks to safeguard high standards of integrity and conduct in financial reporting and internal control. The Committee tests and challenges the results and controls in conjunction with management and the Internal and External Auditors.

The Committee has fulfilled its responsibilities during the year and confirms the Group is in compliance with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014. The Committee is permitted to obtain its own external advice at the Company's expense. No such advice was sought during the year.

Andrew Lane and David Nelson are advisers to RCL and not Independent Directors. This is a deviation from Code Provision C.3.1. The Board considers that their membership adds to the deliberations of the Audit & Risk Committee and the Committee Chairman confirmed there was no conflict of interest during the year.

Effectiveness

The Audit & Risk Committee reviews its Terms of Reference and effectiveness annually. The review confirmed that the Committee is effective at meeting its objectives, under principle B.6 of the Code and the needs of the Group.

The Committee embraced continued emphasis being placed on cyber risks and restructurings of businesses and management.

Operating practices

During the year the Audit & Risk Committee meetings were scheduled to take place just prior to Board meetings to maximise the efficiency of interactions. Reports are made to each Board meeting on the activities of the Committee, focusing on matters of particular relevance to the Board in the conduct of its work.

The Committee has been supported in its activities during the year by the CEO, Group Chief Financial Officer, Risk team, Director of Internal Audit, Group Chief Technology Officer and Group Chief Information Security Officer, Group Financial Controller and the Deputy Finance Director as well as the External Auditor. These individuals generally sponsor Committee papers, which are typically distributed one week prior to meetings. The Committee works with all contributors to discuss judgemental issues at an early and relevant opportunity.

The Group Chief Financial Officer, the Deputy Finance Director, the Group Financial Controller, the Director of Internal Audit, the Risk team and the External Auditor are invited to each meeting but are recused when appropriate. This approach results in informed decisions based on quality papers and discussion which provides a thorough understanding of facts and circumstances.

The Committee met regularly and separately with the External Auditor, Director of Internal Audit, the Group Chief Financial Officer and Senior Risk Manager, without other executive management being present.

Review of the year

Key activities

Key activities undertaken by the Audit & Risk Committee during the year included:

Audit

- Agreeing the scope of internal and external audit work.
- Challenging management's accounting judgements.
- Reviewing and discussing Internal Audit reports to maintain their contribution to improving the control environment.
- Reviewing the basis of alternative performance measures.
- Reviewing the effectiveness of the External Audit.

Risk

- Reviewing the 2018 Corporate Governance Code DMGT compliance.
- Reviewing the Group's risk management processes and the Group risk register.
- Robust challenge to the assumptions supporting the Group's Viability Statement.
- A rolling programme of focused risk topics including information security and cyber resilience.
- Preparing for compliance with GDPR.
- Reviewing payment practices.
- Compliance with legislation relating to anti-bribery and corruption, trade sanctions, health and safety, and modern slavery.
- Business continuity and incident management.
- Reviewing the Group's whistleblowing arrangements (which will become a Board matter under the new 2018 UK Corporate Governance Code).

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Financial reporting and auditing issues

The Audit & Risk Committee considered and discussed the significant matters relating to financial reporting and auditing, as set out in the table below.

The issue and its significance	Focus of work	Comments and conclusion
Financial reporting The content of the Annual and Half-Year Reports and trading updates needs to be appropriate, complying with laws and regulation.	We specifically reviewed: • All accounting policies for continued appropriateness, consistency of application and impact of new accounting standards; • All sections of the Annual Report having particular regard for the Audit & Risk Committee's responsibilities for the financial statements; • Reports from financial management, Legal, Risk and Internal Audit which confirmed compliance with regulations; and • The financial risks and papers to support the going concern basis of accounting.	A materiality threshold of £5 million has been set for exceptional items unless there was continuation of an activity previously disclosed as exceptional. There were no significant changes to accounting policies. Based on our enquiries with management and the External Auditor, we concluded the policies were being properly applied. We were satisfied that judgemental matters were explained and increased disclosures made in respect of sensitivities of assumptions to impairment reviews. We were satisfied that the Group complied with reporting requirements.
Taken as a whole, the Annual Report needs to be fair, balanced and understandable so that it is relevant to readers.	We continued our practice of comparing our Annual Report with those of other relevant companies and asked our External Auditor for improvement recommendations. Drafts of the Annual Report were reviewed by both the Audit & Risk Committee and the Board. We used the Executive Directors', the External Auditor's and the Committee's knowledge to determine the overall fairness, balance and understandability of the Report, prior to its final approval by the Board.	We received confirmation that individuals' responsibilities had been fulfilled and confirmed that the overall Report was consistent with the Directors' knowledge. This allowed the Audit & Risk Committee and the Board to be satisfied that the Annual Report taken as a whole is fair, balanced and understandable. We were satisfied that the information presented in the Strategic Report was consistent with the performance of the business reported in the financial statements. In particular, we were satisfied that the estimates, outlook and quantified risk disclosures in the financial statements are consistent with those identified in the Strategic Report. The Committee concluded that appropriate judgements had been applied in determining the estimates and that sufficient disclosure has been made to allow readers to understand the uncertainties surrounding outcomes. Given a continued focus on portfolio management and rapid changes in technology we were satisfied that the Viability Statement should be over a three-year period, which is consistent with the Group's business planning cycle. We will continue to monitor feedback for future enhancements to the Annual Report.

The issue and its significance	Focus of work	Comments and conclusion
The Annual Report includes a number of non-GAAP measures. See Notes 13 and 16 on pages 122 and 125.	In addition to the disclosure of operating profit, before and after specified adjustments, other non-GAAP measures, known as alternative performance measures (APMs), are disclosed in the Annual Report, e.g. underlying revenue growth and net cash to EBITDA ratio. We commissioned Internal Audit to review our APMs to ensure whenever possible, that they were either sourced from third parties or otherwise robustly compiled. We ensured that equal prominence was given to statutory measures and that explanations and reconciliations accompanied all alternative measures including pro forma figures quoted throughout the accounts.	We decided to continue to adjust operating profit for the amortisation of acquired intangible assets, as they relate to historic M&A activity rather than current trading. Additional adjustments have been made to exclude the impact of exceptional costs, impairments and other fair value adjustments. These adjustments assist understanding the outcome for the reporting period. We confirmed the prominence of GAAP numbers and reviewed the reconciliation of APMs to GAAP. We determined that the published data was of a high quality and helps shareholders understand progress (particularly in the digital arena). Sources of data are disclosed.
Accounting judgements The Group has capitalised software development costs, other intangible assets and goodwill associated with acquisitions. Goodwill and intangible assets represent 20% (2017 40%) and 8% (2017 23%) respectively of net assets. The carrying values need to be justified by reference to future economic benefits to the Group (see Notes 21 and 22).	We have ensured that capitalised costs were separately identifiable and met the requirements of the relevant accounting standards. Capitalised costs amounted to £20 million in the year, much reduced from £58 million in 2017 following the sale of EDR and SiteCompli, the closure of Xceligent and the cessation of capitalisation of costs relating to RMS(one). As part of our review of the carrying values of our goodwill and intangible assets, we have considered whether there have been any events which triggered an impairment and have reviewed reports prepared by executive management to determine whether an impairment event had taken place. In addition we have reviewed value in use calculations, based on the Board-approved budgets and two-year forecasts, focusing on long-term growth rates and discount rates. We have received input directly from both operational and financial management. As there was a significant impairment in the second half we have specifically assessed the timing of the recognition of the impairment charge to ensure that this was recorded in the correct period.	We were satisfied that costs that had been capitalised were appropriately held on the balance sheet. Our reviews embraced sensitivities to changes in assumptions which allowed us to understand the materiality of conclusions in the context of our financial reporting. We focused on RMS, Genscape and Hobsons. We concluded no impairment was necessary at Hobsons following significant improvements in recent years. RMS appointed a new CEO in March 2018 and has recently enhanced its strategy. Consequently, the decision has been taken to re-architect the RMS(one) platform to take advantage of the growing benefits of new technology. This has resulted in an impairment charge of £58 million. The Audit & Risk Committee noted that the conclusions were sensitive to future outcomes. Some combined downside sensitivities could trigger impairments if they occur in the future. Appropriate disclosures are included in the financial statements.
The Group carries deferred tax assets in respect of brought-forward losses and deferred interest that represent 3% (2017 7%) of net assets (see Note 37).	At the year end, the Group held deferred tax assets of £57 million (2017 £62 million) in respect of brought-forward losses and deferred interest.	The assets on the balance sheet were recognised following a detailed review of how the brought-forward tax losses would be utilised and we were satisfied that changes to tax laws internationally did not adversely impact the carrying value of the total assets. Where required, tax assets were written off in the year.

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The issue and its significance	Focus of work	Comments and conclusion
The Group actively manages its portfolio of investments and consequently is active in making acquisitions and disposals. Transactions that contain unusual terms and/or innovative structures would require the accounting treatment to be carefully considered. During the year, £19 million was incurred on acquisitions and £784 million was realised on disposals, of which £642 million related to the ZPG Plc disposal (see Notes 8, 17 and 18).	The Audit & Risk Committee carefully considers judgemental accounting and the carrying value of intangible assets and goodwill. We reviewed the valuation of the fair value of the Group's stake in Euromoney and AlsoEnergy. The Internal Audit team audits all significant acquisitions within 12 months of the relevant acquisition where consideration exceeds £10 million.	The Investment & Finance Committee oversees all acquisition and disposal activity. There are three common Committee members. We were satisfied with the judgements made in the year. We performed a robust review of the treatment of disposals during the year and were satisfied with the treatments and calculations. We considered the appropriateness of the associate accounting treatment for Euromoney, the liquidation of Xceligent the sale of ZPG Plc, EDR, Hobsons Solutions, Locus Energy and dilution of SiteCompli. We considered the accounting treatment for investments in Yopa.
The Group has multiple sources of revenue, including subscriptions, software sales, display and native advertising, branded and pre-roll videos and licence fees. Consequently revenue recognition can be intricate.	We reviewed the accounting policies for revenue recognition and determined their appropriateness. Internal Audit visits all businesses on a rotational basis taking account of changed circumstances and perceived risk. Their work includes the testing of revenue recognition.	IFRS 15, the new revenue recognition standard, effective for the 2019 fiscal year, introduces additional guidance surrounding performance obligations within sales contracts and the timing of revenue recognition. In addition the standard introduces changes to the recognition of incremental costs incurred when obtaining a contract with a customer. Due to the complexity of this standard and the number of different revenue streams across the Group, we commenced a project in 2016 to evaluate the impact of IFRS 15. We concluded that IFRS 15 will not change the cash flows associated with our revenue streams and will have an immaterial impact on the Group's reported revenues and net asset position.

Other financial matters

In addition to the significant matters addressed above, the Audit & Risk Committee maintains a rolling agenda of items for its review, including: capital strategy; financial and treasury management; feedback from analysts and investors; reconciliations of reported financial results with management accounts; tax management; and litigation. Nothing of significance arose in respect of those reviews during the year. The Audit Quality Review (AQR) team of the Financial Reporting Council reviewed the External Audit for the year ended 30 September 2017. The AQR suggested PwC further evidence their review of the disclosure made by management on the impairment of Genscape, and, if material, challenge the sensitivity disclosures made within the financial statements. We welcomed their independent review and are pleased to have discussed both the process, best practices identified and the reported matters with the External Auditor and have embraced the agreed actions. There was no interaction with the FRC Corporate Reporting team during the year and no disagreement over accounting or reporting outcomes with management or the External Auditor during the reporting period.

Oversight

The Audit & Risk Committee has oversight responsibility for risks and controls and direct responsibility for the operation of the Internal Audit function.

The Committee approves separate annual audit and risk plans that are flexible enough to embrace intra-year changes due to changed circumstances, such as acquisitions, disposals, extensive management change etc.

At each Committee, the Risk Managers and the Director of Internal Audit address key matters which have arisen, focusing on the most significant findings. Additionally, common themes are drawn out so that management can make early enquiries of businesses not recently visited by the assurance functions with a view to heading off potential issues.

In addition to formal reporting, the Audit & Risk Committee Chairman meets with the Senior Risk Manager and the Director of Internal Audit.

Risk and controls

During the year a Group-wide risk assessment process was managed biannually by the Risk function at the half year and year end, reviewing risks to the achievement of business plans in operating companies. This process assisted management in identifying internal and external threats and prioritising responses to them. The results were collated and an overall Group-wide risk plan was derived from these results and was approved by the Audit & Risk Committee. The work evaluated whether the system, including reporting and controls, adequately supported the Board in its risk oversight. The Audit & Risk Committee focused on insights into material changes and trends in the risk profile. Information security also continues to be a focus for the Committee as the threat landscape evolves. The principal risks and mitigating actions are set out on pages 32 to 35.

The Committee's view is that financial risks are not the principal risks that the Group faces but it places emphasis on the maintenance of high standards for controlling financial risks. In addition to an annual confirmation from financial officers that the environment has operated effectively, it gains independent assurance from internal audits. During the year the Committee reviewed the top financial risks facing the Group, including: foreign exchange and interest rates; liquidity; credit; counterparty and capital management.

All operational CFOs report to the Group Chief Financial Officer, Tim Collier, directly in addition to their CEOs. The Committee was satisfied that the direct reporting line of operating companies to the central finance function aids transparency. The Audit & Risk Committee closely monitored changes in financial management and reviewed the competence and quantity of the financial management resource in discussion with the Group Chief Financial Officer. The Committee was also satisfied that the Company remained able to fulfil its first line of defence duties and that there is a culture of continuous improvement.

The Committee reviewed the whistleblowing arrangements in place, which enable employees to raise concerns in confidence. The Committee received analysis of the types of concerns raised by employees. No significant matters were reported in the year and the low number of reports made was consistent with prior years of operation. Further information on the Group's whistleblowing arrangements can be found in the Our People and Our Stakeholders section of the Strategic Report.

Internal Audit

The Audit & Risk Committee reviewed and approved the Internal Audit Charter.

The scope of Internal Audit work is considered for each operating company (including head office) and takes account of assessments of risk, input from senior management and the Committee, and previous findings. Some thematic audits are undertaken for the Group as a whole. For example, this year there was a further Group-wide emphasis on information security (including GDPR), cyber crime and anti-fraud and bribery procedures. Other issues selectively audited included revenue recognition and payroll. At each meeting, the Committee assesses recommended changes to the annual plan to ensure that total coverage meets its requirements and that the budget and resource levels are adequate.

Throughout the year, there was a range of outcomes from internal audits. The Audit & Risk Committee welcomes the identification of areas for improvement and places higher emphasis on actions taken as a result of review points than on particular findings at the time of review. Whenever deficiencies or opportunities for improvements are identified, the Audit & Risk Committee's emphasis is on the appropriateness of the reaction to the identified issue. The Committee looks to management to take timely and proportionate steps to eliminate weaknesses. The Audit & Risk Committee monitors adherence to agreed timescales. The Audit & Risk Committee met directly with one management team to ensure an acceleration in addressing audit findings.

An external review, in February 2017, of the effectiveness of the Internal Audit function was conducted by Deloitte LLP. Their overall assessment was that in delivering its remit, the Internal Audit function is providing an effective service to DMGT. The Internal Audit function has acted upon the majority of the best practice recommendations made in the review. Some of the enhancements made include: the function widening its scope to include specific procedures reviews; and programme assurance. A comprehensive 'Risk Assurance mapping' exercise was carried out across the three-lines of defence model to understand what level and type of assurance should be provided and where thematic and trend analysis reporting on control deficiencies should be made. The function has also increased its use of audit technology, including automated workflow and compliance solutions.

In accordance with the IIA Standards, external assessments are undertaken at a minimum of five-year intervals. As a result, there will be no effectiveness review scheduled for FY 2019, but one will be taken into consideration for FY 2020.

External Auditor

PricewaterhouseCoopers (PwC) is DMGT's External Auditor. The Group lead audit partner is Neil Grimes, who has led the audit since the beginning of the relationship. Its first audit of DMGT was in respect of the year ended 30 September 2015, following a competitive tender process. The Audit & Risk Committee has responsibility for making recommendations to the Board on the reappointment of the External Auditor, for determining its fee and for ensuring its independence of the Group and management. The External Auditor stands for reappointment at the Annual General Meeting, but absent concerns over the quality of its service or opinion prior to that, we anticipate retaining PwC as our External Auditor into a second five-year period, albeit with the normal rotation of audit partners.

Auditor independence

The Audit & Risk Committee considered the safeguards in place to protect the External Auditor's independence. In particular, the Committee has ensured that the Company's policy on the External Auditor's independence is consistent with the Ethical Standard set out by the FRC in the UK. PwC reviewed its own independence in line with this criteria and its own ethical guideline standards. PwC confirmed to the Committee that following this review it was satisfied that it had acted in accordance with relevant regulatory and professional requirements and that its objectivity is not compromised.

To ensure no conflicts of independence arising from Auditors being responsible for non-audit work, the Audit & Risk Committee reviewed and approved the policy on non-audit services. The review included consideration of the process to manage the engagement of PwC, regulatory changes and good practice.

The audit fee payable to PwC amounts to £3.0 million (2017 £3.0 million). The Audit & Risk Committee is satisfied that the fee is commensurate with permitting PwC to provide a quality audit. In addition to the Group's policy, PwC has confirmed that any non-audit work commissioned by the Group is reviewed for compliance with its internal policy on the provision of non-audit services. The cap on non-audit service fees is set at 70% of the average audit fees for the preceding three years. The total non-audit fees paid to PwC amounted to £0.5 million (2017 £0.8 million) which is within the 70% of audit fees. The Committee is satisfied that PwC was selected based on individuals'

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particular expertise, knowledge and experience and that the work did not impair PwC's independence as External Auditor (see Note 5 to the accounts). All non-audit work undertaken by PwC was approved by the Committee unless it was clearly trivial and not prohibited under our policy.

The Committee, having taken account of PwC's confirmations, is satisfied that PwC is independent of DMGT and its subsidiaries.

Audit quality and materiality

The Audit & Risk Committee places great importance on ensuring that there are high standards of quality and effectiveness in the external audit process.

The Committee has reviewed the quality of PwC's audit by way of interviews and completion of a questionnaire by Audit & Risk Committee members, by regular attendance at Audit & Risk Committees and by financial management and by reference to the FRC review. The Audit & Risk Committee is satisfied that its requirements were met with some minor improvement actions.

In addition, the Committee reviewed PwC's scope and approved the external audit plan to ensure that it is consistent with the scope of the external audit engagement. The Committee discussed significant and elevated risk areas that are most likely to give rise to a material financial reporting error or those that are perceived to be of a higher risk and requiring audit emphasis (including those set out in PwC's report on pages 82 to 89). The Committee considered the audit scope and materiality threshold. This included the Group-wide risks and local statutory reporting, enhanced by desktop reviews for smaller, low-risk entities. 84% (2017 82%) of the revenue and 70% (2017 76%) of adjusted profit was fully audited; 78% (2017 78%) of revenue was subjected to specific procedures and the balance of revenue and profit was covered by desktop reviews.

We have discussed the accuracy of financial reporting (known as materiality) with PwC, both as regards to accounting errors that will be brought to the Audit & Risk Committee's attention, and as regards to amounts that would need to be adjusted so that the financial statements give a true and fair view. Errors can arise for many reasons, ranging from deliberate errors (fraud), to good estimates that were made at a point in time that, with the benefit of more time, could have been more accurately measured. Overall audit materiality has been set at £7.2 million (2017 £9.0 million). This equates to approximately 4% (2017 4%) of adjusted pre-tax profit, as reported in the income statement. This is within the range that audit opinions are conventionally thought to be reliable. To manage the risk that aggregate uncorrected errors become material, we agreed that audit testing would be performed to a lower materiality threshold of £5.4 million (2017 £6.8 million). PwC has drawn the Committee's attention to all identified uncorrected misstatements greater than £0.5 million. The aggregate net difference between the reported adjusted profit before tax and the Auditor's judgement of net adjusted profit before tax was less than £0.4 million, which was significantly less than audit materiality. The gross differences were attributable to various individual components of the income statement. No audit difference was material to any line item in either the income statement or the balance sheet. Accordingly, the Committee did not require any adjustment to be made to the financial statements as a result of the audit differences reported by the External Auditor.

We asked PwC to explain how they would respond to the findings of the Audit Quality Review team of the FRC in its review of our audit. Additionally, the Committee Chairman, the Group Chief Financial Officer and the Group Financial Controller discussed with PwC in detail the work it carried out on the audit of DMGT's Annual Report. The Audit & Risk Committee was satisfied with the specific responses to both sets of enquiries.

PwC has outlined to the Audit & Risk Committee the professional development programme applicable to the partners and employees engaged on our audit, has reviewed key judgements taken during the course of the audit, and confirmed the audit complies with their internal independent review procedures. We have reviewed the professional skills, knowledge and scepticism of key members of the audit team including the Group team and partners responsible for the divisional audits.

We have reviewed PwC's latest available transparency report. The audit of DMGT was subject to a quality assurance process undertaken externally by the FRC. We have reviewed and discussed their findings with PwC. There were two matters noted for limited improvement required, and we were satisfied with their response. The Audit & Risk Committee met in private with PwC at the conclusion of the audit to confirm that they had received a high level of cooperation from management and to receive private feedback on the quality of financial management.

During the year, the Audit & Risk Committee reviewed the quality of the FY 2017 audit, taking account of PwC's internal assessment, management's assessment and the Committee's assessment. The Committee was satisfied with the robustness of the opinion and with the audit service. In particular, the Audit & Risk Committee was pleased with an overall improvement in service scores. Based on the information currently available, which draws on the enquiries outlined above and informal soundings of management, the Audit & Risk Committee anticipates it will conclude there has been a robust, high-quality audit for the year ended 30 September 2018, both in respect of PwC's opinion and service. The Committee has consequently recommended that PricewaterhouseCoopers LLP be reappointed as Auditor at the 2019 AGM.

The Audit Report was approved by the Board on 28 November 2018 and signed on its behalf by the Audit & Risk Committee Chairman.

By order of the Board

Kevin Parry
Audit & Risk Committee Chairman

Remuneration & Nominations Committee

The Remuneration & Nominations Committee meetings are held together. Remuneration items are taken separately to the Nominations items.

The Remuneration element of the Committee is described within the Remuneration Report on pages 54 to 76.

The Nominations element of the Committee is described below. It keeps under regular review the structure and composition of the Board and its Committees, particularly the skills, knowledge and experience of the Directors to ensure that these remain aligned with the Group's developing requirements and strategic agenda.

Membership

The Remuneration & Nominations Committee has been supported in its activities during the year by the CEO, the Group Chief Financial Officer, the Reward Director and the Global HR Director. Membership and meetings are shown below.

Member	Member for full period	Meetings held	Meetings attended
The Viscount Rothermere (Chairman)	Yes	8	8
D H Nelson	Yes	8	8
J H Roizen*	Yes	8	8
D Trempont*	No (joined 01/11/2017)	6 (after 01/11/2017)	6 (after 01/11/2017)

* Independent.

Governance

- The combined Remuneration & Nominations Committee reviewed its Terms of Reference during the year.
- The Committee confirmed that it had complied with its Terms of Reference throughout the year.
- The Committee paid particular attention to extending the term of any Non-Executive Director who has served a term in excess of six years.
- The Committee reviewed the independence of Non-Executive Directors and agreed to recommend that Lady Keswick, Kevin Parry, JP Rangaswami, Heidi Roizen and Dominique Trempont continued to be considered independent in accordance with the Code provisions B.1.1. Andrew Lane, David Nelson and François Morin were not considered independent due to their connection to Rothermere Continuation Limited.
- The process for appointing Directors depends on which role is being filled. External recruiters and other methods have been used to identify potential candidates.
- In line with Code Provision A.4.2 the Non-Executive Directors met with the Chairman without the Executive Directors present.
- The Chairman of the Committee is Lord Rothermere and the majority of its members are not considered to be independent under the Code. Although this does not meet Code provision B.2.1, as holder of all the Ordinary Shares of the Company through the Trust, the Board considers that Lord Rothermere's interests are fully aligned with those of other shareholders. Additionally, the Committee is confident that its membership ensures that it carries out all aspects of its role with proper and appropriate regard to long-term shareholder interests.

Key activities of the Nominations element of the Remuneration & Nominations Committee

- Reviewing potential candidates for Board appointments resulting in the appointment of JP Rangaswami during the year.
- Reviewing the Letter of Engagement with each Non-Executive Director to ensure the provisions remain in line with best practice, following shareholder approval at the AGM.
- Re-engaging the service of Non-Executive Directors for a further period of a minimum of one year.
- Reviewing time commitments required by Non-Executive Directors and confirming that it was satisfied that the Directors had met or exceeded the time commitment required.
- In line with the principle B.7 of the Code, recommending that all Directors stand for re-election at the AGM.
- Discussing Board and Committee composition and longevity of service, and Board independence.
- Reviewing the Committee's effectiveness and governance activities against best practice.

Looking ahead, the Committee's key activities for the forthcoming year are:

- Reviewing the composition of the Board to ensure that the right skills and experience to support the Group's strategy are represented;
- Reviewing Committee membership to ensure that there is a diverse balance of skills and experience reflected;
- Continuing to review succession planning for the Executive Directors; and
- Reviewing the Committee's effectiveness.

This Governance Report was approved by the Board on 28 November 2018 and signed on its behalf by the Chairman.

Rothermere.

The Viscount Rothermere
Chairman

Governance

Remuneration Report

The Viscount Rothermere
Chairman

Chairman's statement on remuneration

As Chairman of the Remuneration & Nominations Committee (the Committee), I am pleased to present the Directors' Remuneration Report.

Pay for performance continues to be a key objective for DMGT and we believe that the refinements we have made this year to our annual bonus and long-term incentives plans will ensure we continue to achieve this.

Our incentive plans across our operating companies are designed to reward sustainable profitable growth. We focus on ensuring that performance measures and targets are consistent with business objectives and circumstances, the Group's long-term strategy and the creation of sustained shareholder value.

For each operating company, we also consider its sector, geography and portfolio role within the Group.

Pay review for FY 2019

We regularly review the competitive position of remuneration for the Company's Executive Directors by undertaking periodic benchmarking as required. The base salaries for the Executive Chairman and the CEO of dmg media had been frozen since the start of FY 2016. Similarly, the CEO and Group Chief Financial Officer had not received any increase since their date of appointment. The Committee (without me present) therefore decided to award base salary increases of 2.5% to each of the Executive Directors from the start of FY 2019. This is in line with the typical base salary increase awarded to employees across the Group this year.

Executive Directors' bonus payments for FY 2018

In FY 2018, as disclosed in last year's Directors' Remuneration Report, we used two metrics in the annual Executive Bonus Plan, revenue and cash operating income, weighted evenly. Cash operating income (operating profit plus depreciation and amortisation less capital expenditure) is a metric that captures both profit and underlying cash generation of the Group. We will continue to use the same two metrics in the annual bonus plan for FY 2019.

The FY 2018 plan included an adjustment, to ensure that participants did not benefit from, and were not penalised by, short-term currency fluctuations beyond management's control. This will also continue in FY 2019.

The purpose of the annual bonus plan, unlike the long-term incentive plan, is to focus the participants on delivering short-term financial expectations. In a year of transition where we have continued to rebalance and reposition the DMGT portfolio, performance against our revenue and cash operating income targets for the year has been good and the Executive Directors' annual bonus payments for the year reflect this.

The bonus paid to Kevin Beatty, as CEO of dmg media, reflects the relatively strong performance of the Consumer Media business in a challenging environment. Paul Dacre did not participate in the annual bonus plan.

For the CEO, Group Chief Financial Officer and CEO of dmg media, the part of annual bonus payable above the target level has been deferred into DMGT shares for a period of two years in line with our stated Remuneration Policy (the Policy).

Details of the Executive Directors' bonuses for FY 2018 performance are shown on page 59.

Remuneration Policy

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), shareholders are provided with the opportunity to endorse the Company's Remuneration Policy through a binding vote. The current policy was agreed at the Annual General Meeting (AGM) on 8 February 2017 and the policy has been operated, as described, from that date.

> **"We focus on ensuring that performance measures and targets are consistent with business objectives and circumstances, the Group's long-term strategy and the creation of sustained shareholder value."**

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Key Strategic Priorities

Improving operational execution

Increasing portfolio focus

Enhancing/maintaining financial flexibility

2017 Long-term incentive award

The Long-Term Executive Incentive Plan (EIP) was introduced in 2017. The performance period for the 2017 award will be from FY 2018 to the end of FY 2020.

The EIP is intended to provide a direct link between pay and performance of the Group – with the opportunity for exceptional levels of reward linked to truly exceptional business performance. To achieve this the 2017 EIP award is based on DMGT's cumulative profits over the period FY 2018 to FY 2020 inclusive, together with a charge for the use of capital. An Executive Director is not rewarded unless a minimum performance threshold is reached and the payment for each participant is subject to a cap.

The outcome of the 2017 EIP award will be delivered in shares upon vesting at the end of FY 2020.

The 2018 award will be made in FY 2019 on the same basis as the 2017 award with the performance period being from FY 2019 to FY 2021.

Long-term incentive awards vesting in FY 2018

The vesting of the LTIP award made in December 2013 was measured against the following priorities:

- grow the B2B businesses;
- continue to grow and invest in strong brands of digital consumer media – particularly MailOnline;
- grow sustainable earnings and dividends; and
- increase DMGT's exposure to growth economies and to international opportunities.

We have continued to make progress against these priorities. Over the last five years B2B revenues (excluding Euromoney) achieved an average increase of 5% on an underlying basis; MailOnline revenues have grown from £41 million in FY 2013 to £122 million in FY 2018 and profitability has been significantly improved; and dividends continue to grow in real terms. DMGT's strategy was revised in 2016, following the appointment of Paul Zwillenberg as CEO. Increasing portfolio focus became a strategic priority and growing the share of international revenue ceased to be an objective. Given the performance, the Committee has determined that the award should vest in full in December 2018. For more information see table 5.1 on page 61.

The LTIP award made to Paul Dacre in December 2015 was measured against the following priorities:

- continue to grow and invest in strong brands of digital consumer media – particularly MailOnline; and
- ensure the financial stability of the Mail businesses by:
  - reducing editorial costs in line with agreed targets to 2018 and potentially beyond.
  - working collaboratively with the commercial teams to maximise revenue opportunities; whilst continuing to ensure that we maintain the highest levels of editorial integrity across our titles.

We have made good progress against these priorities and the Committee has determined that the LTIP award made to Paul Dacre should vest in full in December 2018. For more information see table 5.3 on page 63.

Changes to the Executive Directors

Paul Dacre was paid his normal salary and benefits package for the full financial year until 30 September 2018 when he retired from his role as an Executive Director and as Editor in Chief of the Daily Mail. The Committee has confirmed that he will be treated as a 'good leaver' under the rules of the Daily Mail and General Trust 2012 Long Term Incentive Plan and the EIP. Paul Dacre's share awards will therefore vest in accordance with the normal timetable.

Directors' Remuneration Policy

The current Directors' Remuneration Policy was approved by shareholders at the February 2017 AGM and will apply for three years including FY 2019. During the next year the Committee will review all aspects of the Policy before proposing any changes for a new Policy which will be submitted for approval at the AGM in 2020.

The Viscount Rothermere
Chairman

Governance

Remuneration Report

Remuneration at a glance

FY 2018 Remuneration outcomes for the Executive Directors

The table below summarises the remuneration for the Executive Directors in FY 2018:

	The Viscount Rothermere £000	P A Zwillenberg £000	T G Collier £000	K J Beatty £000	P M Dacre £000	Total £000
Salary 2018	837	750	500	744	1,448	**4,279**
Bonus (including deferred amounts)	1,229	856	571	303	–	**2,959**
As a % of salary	147%	114%	114%	41%	–	
Taxable benefits	54	36	33	24	66	**213**
Pension benefits	310	225	125	275	–	**935**
LTIP awards vesting in year and dividend equivalents	–	–	–	663	1,170	**1,833**
Total remuneration FY 2018	**2,430**	**1,867**	**1,229**	**2,010**	**2,684**	**10,219**
Total remuneration FY 2017	1,842	1,450	389[1]	2,270	2,313	8,264

1. Partial year as Tim Collier was appointed in May 2017.

Key elements of remuneration for the Executive Directors

The key elements of remuneration applicable for the Executive Directors in FY 2018 are shown below:

	Salary	Annual bonus opportunity	Annual bonus deferral	LTIP	Pension	Benefits
The Viscount Rothermere	£837,000 (including Euromoney and ITN board fees)	180% of salary maximum 90% of salary on target	None applies	Percentage of eligible profit with calibrated on-target value of 90% of salary vesting after three years	Allowance of 37% of salary	Car allowance and driver Family medical insurance, Life assurance
P A Zwillenberg	£750,000 (including Euromoney board fees)	140% of salary maximum 70% of salary on target	Any amount above target deferred into nil cost options for two years	Percentage of eligible profit with calibrated on-target value of 100% of salary vesting after three years	Allowance of 30% of salary	Car allowance and driver Family medical insurance, Life Assurance, Tax assistance
T G Collier	£500,000 (including Euromoney board fees)	140% of salary maximum 70% of salary on target	Any amount above target deferred into nil cost options for two years	Percentage of eligible profit with calibrated on-target value of 90% of salary vesting after three years	Allowance of 25% of salary	Car allowance Family medical insurance, Life Assurance, Tax assistance
K J Beatty	£744,000 (including Euromoney board fees)	60% of salary maximum 30% of salary on target	Any amount above target deferred into nil cost options for two years	Percentage of eligible profit with calibrated on-target value of 60% of salary vesting after three years	Allowance of 37% of salary	Car allowance and driver Family medical insurance, Life assurance
P M Dacre	£1,448,000	–	–	Award with a value equivalent to 70% of salary vesting after three years subject to performance conditions	–	Company car and driver, car allowance Fuel benefit Family medical insurance

Annual Report on Remuneration

The report has been audited in accordance with CA 2006.

Remuneration & Nominations Committee role and activities

The Committee's responsibilities with respect to remuneration include:

- Group remuneration policy; and
- Setting the remuneration, benefits and terms and conditions of employment of the Company's Executive Directors and other senior executives in line with the Committee's Terms of Reference.

The Committee's Terms of Reference are available on the Company's website. The Committee is chaired by Lord Rothermere with Committee members David Nelson, Heidi Roizen and Dominique Trempont.

The 2016 UK Corporate Governance Code (the Code) recommends that a remuneration committee should be composed entirely of independent non-executive directors. The Board, however, considers that, as the beneficiary of the Company's largest shareholder, Lord Rothermere's interests are fully aligned with those of other shareholders. The Committee is confident that its make-up ensures that it carries out all aspects of its role with proper and appropriate regard to shareholders' long-term interests and that this alignment is, in fact, stronger as a direct consequence of its membership. The Non-Executive Directors meet regularly and independently outside of the formal meetings.

As part of the transitioning and restructuring of the DMGT portfolio, including leadership changes in dmg media Editorial and RMS, the Committee spent considerable time in FY 2018 on remuneration arrangements for new hires and for changes in roles and responsibilities as well as severance agreements for executive leavers.

The Committee spends a large portion of its time reviewing the remuneration and incentive plans of the different businesses which are diverse both in geography and sector. There are a variety of incentive plans requiring significant consideration and oversight, which are designed to reflect each business type and stage of development, the market and locations it operates in and aims to incentivise the delivery of the business' strategic plan. The Committee's objective is to combine the necessary attention to short-term financial performance, through annual bonus plans, with a stronger focus on the fundamentals that drive long-term growth, through LTIPs.

Committee performance and effectiveness

In September 2018, the Committee conducted a formal review of its effectiveness and concluded that it had fulfilled its remit and had been effective during the year.

Risk and reward

During the year, the Committee reviewed and confirmed that the plans in operation throughout the Group did not incentivise excessive risk and, in particular, that the annual bonus and LTIP's in the Company are compatible with DMGT's risk policies and systems.

Advice to the Remuneration & Nominations Committee

The Committee received advice from members of the senior management team during the year.

Remuneration & Nominations Committee discussion topics

Date	Agenda items
October 2017	• Vesting of FY 2012 DMGT LTIP awards. • Vesting of FY 2014 DMGT LTIP award for Paul Dacre. • Vesting of FY 2014 dmgi LTIP awards. • Operating companies' compensation and appointments.
November 2017	• Vesting of operating company LTIPs. • FY 2017 outcome of executive bonus schemes. • Approval of FY 2018 executive bonus targets. • Review of Board composition and appointment letters. • Operating company LTIP awards for FY 2018.
February 2018	• Approval of 2017 DMGT EIP participants, awards and targets. • Preparation for Gender Pay reporting. • Operating companies' compensation and appointments.
May 2018 (2 meetings)	• Gender Pay reporting update. • Operating companies' compensation and appointments. • Editorial changes for FY 2019.
July 2018	• Operating companies' compensation and appointments. • Summary of half-year bonus positions.
September 2018	• Review of Remuneration & Nominations Committee effectiveness. • Annual salary review and Executive Director salary increases. • Approval of FY 2019 annual bonus targets. • Governance Code update. • New long term incentive plans for operating companies.

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Remuneration Report

Table 1: Single figure of remuneration paid to Executive Directors for FY 2018 (Audited)
The table below sets out the single total figure of remuneration and breakdown for each Executive Director in FY 2018 and FY 2017. Details of the calculation of the annual bonus figure for FY 2018 can be found in the section variable pay awards vesting in FY 2018, on page 59.

	Financial year	Salary and fees[1] £000	Taxable benefits[2] £000	Pension benefits £000	Total fixed £000	Annual bonus[3] £000	Total annual remuneration £000	LTIP and dividend equivalents[4,5] £000	Total remuneration £000
The Viscount Rothermere	**2018**	**837**	**54**	**310**	**1,201**	**1,229**	**2,430**	–	**2,430**
	2017	837	55	310	1,202	640	1,842	–	1,842
P A Zwillenberg	**2018**	**750**	**36**	**225**	**1,011**	**856**	**1,867**	–	**1,867**
	2017	750	29	225	1,004	446	1,450	–	1,450
T G Collier	**2018**	**500**	**33**	**125**	**658**	**571**	**1,229**	–	**1,229**
	2017[6]	207	6	52	265	124	389	–	389
K J Beatty	**2018**	**744**	**24**	**275**	**1,043**	**303**	**1,346**	**663**	**2,009**
	2017	744	29	275	1,048	304	1,352	918	2,270
P M Dacre	**2018**	**1,448**	**66**	–	**1,514**	–	**1,514**	**1,170**	**2,684**
	2017	1,448	68	–	1,516	–	1,516	797	2,313
Total	**2018**	**4,279**	**213**	**935**	**5,427**	**2,956**	**8,386**	**1,833**	**10,219**
	2017	3,986	187	862	5,035	1,514	6,549	1,715	8,264

Notes
1. Salary shown for Lord Rothermere and Paul Zwillenberg includes fees of £7,008 as Directors of Euromoney for the period 1 October 2017 to 17 November 2017 and fees of £12,784 for Lord Rothermere as Director of ITN for the period 28 March 2018 to 30 September 2018. Salary shown for Tim Collier and Kevin Beatty includes fees of £43,182 as Directors of Euromoney for the period 17 November 2017 to 30 September 2018.
2. Taxable benefits comprise car or equivalent allowances which are £34,000 p.a. for Lord Rothermere; £18,000 p.a. for Paul Zwillenberg; £16,000 p.a. for Tim Collier; and £16,000 p.a. for Kevin Beatty. Paul Dacre had a company car with a taxable value of £32,255 p.a. plus a car allowance of £10,000 p.a.. Paul Dacre also received a fuel benefit of £13,989 p.a.. Lord Rothermere, Paul Zwillenberg, Kevin Beatty and Paul Dacre also received benefits in respect of home-to-work travel. Amounts, including tax paid by the company, are £16,994; £1,240; £10,594 and £7,093 respectively for 2018 and £18,042; £7,371; £9,898 and £6,745 respectively for 2017. Lord Rothermere, Paul Zwillenberg, Kevin Beatty and Paul Dacre received medical benefits with a cost to the Company of approximately £3,000 p.a.. Tim Collier received US medical benefits with a cost to the Company of £13,392 (converted at a rate of £1:$1.35). Paul Zwillenberg and Tim Collier received £13,450 and £3,308 respectively in relation to their tax compliance requirements paid for by the Company.
3. The bonuses shown include amounts that will be deferred into shares but do not have any further performance conditions attached other than continued service during the deferral period. Deferrals apply to bonuses above target in FY 2018. Details of the calculation of the bonus and deferral are shown on page 59.
4. The award made to Kevin Beatty under the 2012 Long-Term Executive Incentive Plan in December 2013 and the award made to Paul Dacre under the 2012 Long-Term Executive Incentive Plan in December 2015 vest in full in December 2018. The value of the awards shown is calculated using the average share price for the fourth quarter of FY 2018 which was £7.47. Under the rules of the 2012 Long-Term Executive Incentive Plan, participants are entitled to the value of the dividends that they would have received between the award date and the exercise date, the amount shown includes accrued payments of £82,554 for Kevin Beatty and £62,883 for Paul Dacre in 2018.
5. In 2017, the award for Kevin Beatty realised at a share price of £6.02 with a cash dividend equivalent payment of £133,242 and for Paul Dacre, the award realised at a share price of £6.01 with a cash dividend equivalent payment of £77,283 (the figures shown have been adjusted from the estimated payments stated in the 2017 report).
6. Partial year as Tim Collier was appointed in May 2017.

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Variable pay awards vesting in FY 2018

Table 2.1: Annual bonus weightings, opportunity and outcomes (Audited)

The details of the weightings and opportunity relating to the annual bonus paid to Executive Directors for the year ended 30 September 2018 and included in the single figure on table 1 on page 58 are shown below. The performance measures for FY 2018 are a combination of revenue and cash operating income, both equally weighted. The resulting bonus amounts are shown in the table below:

	Weightings		Opportunity as a % of salary				
	Revenue	Cash operating income	Threshold	Target	Maximum	Actual outcome as a % of salary	Actual outcome £000
The Viscount Rothermere	50%	50%	0%	90%	180%	147%	1,229
P A Zwillenberg	50%	50%	0%	70%	140%	114%	856
T G Collier	50%	50%	0%	70%	140%	114%	571
K J Beatty	50%	50%	0%	30%	60%	41%	303

Table 2.2: DMGT annual bonus targets (Audited)

The financial measures are split into two categories and weighted evenly (shown in table 2.1). Kevin Beatty's bonus is weighted 70% against targets specific to dmg media and 30% against DMGT targets.

The Board considers the performance targets for the measures to be commercially sensitive, as it would disclose information of value to competitors, and they will not be disclosed. The final targets were adjusted to reflect the final US$/£ average exchange rate over the year.

The following tables illustrate performance against DMGT and dmg media bonus targets and the corresponding outcome:

DMGT bonus targets (All)	Below 0%	Threshold 0%	Target 100%	Maximum 200%	Outcome as a % of target
Revenue					127%
Cash operating income					200%

dmg media bonus targets (Kevin Beatty only)	Below 0%	Threshold 0%	Target 100%	Maximum 200%	Outcome as a % of target
Revenue					95%
Cash operating income					119%

Table 3: Deferred annual bonus (Audited)

The Committee agreed the following deferral requirements would apply to the annual bonus with no further performance conditions except for continued employment over the two year deferral period:

	Deferral requirement	Type of deferral	Amount deferred FY 2018 £000	Amount deferred as a % of FY 2018 bonus
The Viscount Rothermere	Nil	None	0	0%
P A Zwillenberg	Amounts above target bonus deferred for two years	Nil cost options	331	39%
T G Collier	Amounts above target bonus deferred for two years	Nil cost options	221	39%
K J Beatty	Amounts above target bonus deferred for two years	Nil cost options	80	26%

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Remuneration Report

Awards made under share schemes

The Company funds the purchase of shares by an Employee Benefits Trust in order to ensure that its obligations under its share schemes are adequately funded and this also ensures that there is no impact on share dilution. Share awards made to Lord Rothermere are settled using Treasury Shares.

Table 4: Nil cost options (Audited)

The table below sets out the details of all outstanding awards of nil cost options as part of the deferred bonus plan. Following the exercise of an award, a cash payment with a value equivalent to the sum of all of the dividends declared for the award between the grant date and the date of delivery of the shares is made. No further performance conditions are imposed except for continued employment. The January 2018 award was based on the average price of the first three days of trading after the announcement of the financial results for FY 2017 of £5.63.

A deferral applied to Kevin Beatty's bonus for FY 2017.

Award date	Dec 2011	Dec 2012	Dec 2013	Dec 2014	Dec 2015	Jan 2018	
Award type	Nil cost options	Nil cost options	Nil cost options	Nil cost options	Nil cost options	Nil cost options	
Relating to	2011 Bonus	2012 Bonus	2013 Bonus	2014 Bonus	2015 Bonus	2017 Bonus	
Exercisable from	Dec 2014	Dec 2015	Dec 2015	Dec 2016	Dec 2017	Dec 2020	
Expiry date	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022	Dec 2025	
Status of awards	Vested	Vested	Vested	Vested	Outstanding	Outstanding	
Award price	£3.98	£5.27	£9.16	£8.29	£7.06	£5.63	
Outstanding awards							**Total outstanding during the year**
The Viscount Rothermere	110,464	129,635	–	–	–	–	240,099
K J Beatty	–	–	–	–	12,804	14,404	27,208
Total outstanding	**110,464**	**129,635**	**–**	**–**	**12,804**	**14,404**	**267,307**

Shaded columns show options that have vested.

Table 5.1: Awards made under the 2012 Long-Term Executive Incentive Plan (LTIP) (Audited)

Outstanding awards subject to performance conditions under the LTIP are summarised in the table below. Awards are share based. The Board considers the performance targets for the measures to be commercially sensitive, as it would disclose information of value to competitors, and they will not be disclosed.

The 2013 LTIP award made to Kevin Beatty vested in full during the year based on an evaluation by the Committee of the performance against the performance measures detailed below. Following the realisation of an award, a cash payment with a value equivalent to the sum of all of the dividends declared for the award between the grant date and the date of delivery of the shares is made. No further performance conditions are imposed. No further awards are being made under the LTIP.

Award name	2012 LTIP award	2013 LTIP award[1]	2014 LTIP award	2015 LTIP award	
Award date	Dec 2012	Dec 2013	Dec 2014	Dec 2015	
Performance period ends	Sep 2017	Sep 2018	Sep 2019	Sep 2020	
Standard award as a % of salary	100%	100%	100%	100%	
Award price	£5.27	£9.16	£8.29	£7.06	
Price at vesting	£6.30	£7.48	N/A	N/A	
Performance measures	• Grow B2B business. • Continue to invest in strong brands of digital consumer media, particularly MailOnline. • Grow sustainable earnings and dividends. • Increase the Company's exposure to growth economies and to international opportunities.				
Status of award	Vested	Vested	Outstanding	Outstanding	
Maximum percentage of face value that could vest	100%	100%	100%	100%	
Outstanding awards					**Total outstanding during the year**
K J Beatty	–	77,226	87,937	105,382	270,545
Total outstanding	**–**	**77,226**	**87,937**	**105,382**	**270,545**
Realised during year					**Total realised during the year**
K J Beatty	130,246		–	–	130,246
Total exercised/realised during year[2]	**130,246**		–	–	**130,246**

Shaded columns show options that have vested.

Notes
1. The value of the 2013 LTIP award at vesting was £577,894 for Kevin Beatty calculated using the average share price for the fourth quarter of FY 2018 which was £7.47.
2. Under the rules of the LTIP, participants are entitled to the value of the dividends that they would have received between the award date and the exercise date. Kevin Beatty received cash dividend equivalent payments of £133,241 in relation to the realisation of the 2012 award made under this plan in FY 2018 and will receive £82,554 in FY 2019 in relation to the 2013 award made under this plan.

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Table 5.2: Awards made under the 2017 Executive Incentive Plan (EIP) (Audited)

Outstanding awards subject to performance conditions under the 2017 Long-Term Executive Incentive Plan (EIP) are summarised in the table below. Awards are made annually in line with policy and will be equity settled. Following the realisation of an award, a cash payment with a value equivalent to the sum of all of the dividends declared for the award between the grant date and the date of delivery of the shares is made. No further performance conditions are imposed. The Board considers the performance targets for the measures to be commercially sensitive as it would disclose information of value to competitors, and they will not be disclosed. The 2017 EIP awards were made in June 2018 based on the average price of the first three days of trading after the announcement of the financial results for FY 2017 of £5.63.

Award name	2016 EIP		2017 EIP	
Award date	Jun 2017		Jun 2018	
Performance period ends	Sep 2019		Sep 2020	
Performance period starts	Oct 2016		Oct 2017	
Award price	£7.88/£7.17[1]		£5.63[2]	
Status of award	Outstanding		Outstanding	
Basis on which award is made	Percentage share of growth in eligible profit over the performance period, converted at the end of the performance period to shares based on share price immediately before start of the performance period.			
Percentage receivable if maximum performance achieved	If the performance level is on target or above, Lord Rothermere and Paul Zwillenberg would receive 1.25% and Tim Collier and Kevin Beatty 0.75% of eligible profits. No amounts are payable if there are no eligible profits. There is a cap on the maximum amounts payable which is five times base salary at the time the award was made with the number of shares being calculated by reference to the award price above.		If the performance level is on target or above, Lord Rothermere and Paul Zwillenberg would receive 2.5% and Tim Collier and Kevin Beatty 1.25% of eligible profits. No amounts are payable if there are no eligible profits. There is a cap on the maximum amounts payable which is five times target at the time the award was made with the number of shares being calculated by reference to the award price above.	
Performance measures	Outcomes are linked to stretching profit targets over a minimum threshold, subject to fair adjustment for any change in capital usage.			
	Maximum shares that could vest	**Shares vesting at target**	**Maximum shares that could vest**	**Shares vesting at target[3]**
The Viscount Rothermere	531,091	95,178	666,271	133,254
P A Zwillenberg	475,888	95,178	666,271	133,254
T G Collier	280,851	62,762	399,763	79,953
K J Beatty	318,655	57,107	399,763	79,953

Notes
1. The 2016 awards made to Lord Rothermere, Paul Zwillenberg and Kevin Beatty were based on the average share price for the first three days following the release of FY 2016 financial results of £7.88. The award made to Tim Collier was based on the closing share price on his employment start date of £7.17.
2. The 2017 awards were based on the average share price for the first three days following the release of FY 2017 financial results of £5.63.
3. The value of the 2017 at target EIP awards at issue was £750,000 for Lord Rothermere and Paul Zwillenberg and £450,000 for Tim Collier and Kevin Beatty.

Table 5.3: Long-Term Executive Incentive Plan (LTIP) awards to Paul Dacre (Audited)

The outstanding awards subject to performance conditions made to Paul Dacre are summarised in the table below. Awards were share-based and made annually in line with the Policy. The Board considers the performance targets for the measures to be commercially sensitive as it would disclose information of value to competitors, and they will not be disclosed. The 2017 EIP award made to Paul Dacre in January 2018 was based on the average price of the first three days of trading after the announcement of the financial results for FY 2017 of £5.63.

The 2015 LTIP award made to Paul Dacre under the 2012 Long-Term Executive Incentive Plan vested in full during the year based on an evaluation by the Committee of the performance against the measures detailed below. Following the realisation of an award, a cash payment with a value equivalent to the sum of all of the dividends declared for the award between the grant date and the date of delivery of the shares is made. No further performance conditions are imposed.

Award name	2014 LTIP award	2015 LTIP award	2016 EIP award	2017 EIP award[1]	
Award date	Dec 2014	Dec 2015	Feb 2017	Jan 2018	
Performance period ends	Sep 2017	Sep 2018	Sep 2019	Sep 2020	
Standard award as a % of salary	70%	70%	70%	70%	
Award price	£8.29	£7.06	£7.88	£5.63	
Price at vesting	£6.30	£7.48	N/A	N/A	
Performance measures	• Continue to invest in strong brands of digital consumer media, particularly MailOnline. • Ensure the financial sustainability of the Mail Titles.				
Status of award	Vested	Vested	Outstanding	Outstanding	
Maximum percentage of face value that could vest	100%	100%	100%	100%	
Outstanding awards					**Total outstanding during the year**
P M Dacre		143,569[2]	128,629	180,036	**452,234**
Total outstanding		**143,569**	**128,629**	**180,036**	**452,234**
Realised during the year					**Total outstanding during the year**
P M Dacre	119,819[3]				**119,819**
Total realised during the year	**119,819**				**119,819**

Shaded columns show options that have vested.

Notes
1. The value of the 2017 EIP awards at issue was £1,013,600 for Paul Dacre. This award was made under the rules of the 2017 EIP.
2. The value of the 2015 LTIP awards at vesting was £1,074,349 for Paul Dacre calculated using the average share price for the fourth quarter FY 2017 which was £7.48 . This award was made under the rules of the 2012 LTIP.
3. Under the rules of the 2012 LTIP, participants are entitled to the value of the dividends that they would have received between the award date and the exercise date. Paul Dacre received cash dividend equivalent payments of £77,283 in relation to the realisation of the 2014 award made under this plan in FY 2018 and will receive £95,760 in FY 2019 in relation to the 2015 award.

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Payments to past Directors (Audited)

Martin Morgan vested share options and awards
The Committee was satisfied that the performance conditions had been met for the award made to Martin Morgan in December 2013 of 104,500 shares under the DMGT 2012 Long-Term Incentive Plan.

Martin Morgan received an amount of £1,059,437 in relation to the realisation of the 2012 award made under this DMGT 2012 Long-Term Incentive Plan in January 2018 and an amount of £73,528 in relation to the exercise of nil cost options under the deferred bonus plan in June 2018.

Table 6: Executive Directors' accrued entitlements under DMGT Senior Executives' Pension Fund (Audited)
The defined benefit scheme is closed for future accrual. It is the Company's policy that annual bonuses and benefits in kind are not pensionable.

The Company did not make any contributions on behalf of Paul Dacre. No Executive Directors are now accruing further pension in the DMGT Senior Executives' Pension Fund. The normal retirement age under the Fund for the Executive DIrectors is 60.

	Defined benefit: accrued annual benefit as at 30 September 2018 based on normal retirement age £000	Defined benefit: normal retirement age	Defined benefit: additional value of benefits if early retirement taken	Weighting of pension benefit value as shown in single figure table
The Viscount Rothermere	80	3 December 2027	–	Cash allowance: 100%
P A Zwillenberg	N/A	–	–	Cash allowance: 97%; Defined contribution: 3%
T G Collier	N/A	–	–	Cash allowance: 97%; Defined contribution: 3%
K J Beatty	N/A	–	–	Cash allowance: 100%
P M Dacre	735	14 November 2008	N/A	N/A

Table 7: Single figure of remuneration paid to Non-Executive Directors (Audited)
The table below sets out the single total figure of remuneration for each Non-Executive Director (NED) in FY 2018 and FY 2017.

During FY 2018, the fees for the two US-based NEDs were reviewed. Heidi Roizen and Dominique Trempont are now both paid a single annual fee of $285,000 which covers the base fee, sub-committee membership fees, one set of travel fees to overseas Board meetings, fees for their regular project work and fees for ad hoc contributions for DMGT.

Travel allowances of £4,000 are paid for each Board meeting that requires a single (one way) flight of between five and 10 hours and £10,000 for each Board meeting that requires a single (one way) flight of more than 10 hours. Additional fees are paid for membership and chairmanship of sub-committees and subsidiary boards.

Following a review of fee levels in September 2018, no changes to UK or US NEDs' fees will be made for FY 2019.

	2017			2018		
	Fees £000	Travel allowance £000	Total £000	Fees £000	Travel allowance £000	Total £000
Lady Keswick	39	–	39	**50**	**4**	**54**
A H Lane	78	–	78	**89**	**4**	**93**
F L Morin	20	20	40	**50**	**16**	**66**
D H Nelson	138	–	138	**149**	**8**	**157**
K A H Parry	92	–	92	**105**	**4**	**109**
JP Rangaswami	–	–	–	**42**	–	**42**
J H Roizen	161	30	191	**211**	**14**	**255**
D Trempont	56	50	106	**250**	**34**	**284**
Total	648	100	748	**946**	**84**	**1,030**

Chart 1: Percentage change in remuneration of the CEO

The chart below sets out the remuneration delivered to the CEO compared to total employee remuneration.

			% increase/decrease
Chief Executive remuneration (excluding LTIP)[1] **£000**	2018	£1,867	+29%
	2017	£1,450	
Total employee remuneration £000	2018	£446,965	-15%
	2017	£523,300	
Average remuneration[2] **£000**	2018	£71	+13%
	2017	£63	

Notes
1. Remuneration includes salaries, wages and incentives, but excludes pension benefits.
2. The change in average employee remuneration is partly due to movement in the US$ exchange rate.

Chart 2: Comparison of overall performance of DMGT vs comparators

The chart compares the Company's TSR with the Media Sector Total Return Index and the FTSE 100 Index over the past 10 financial years, assuming an initial investment of £100.

The Company is a constituent of the Media Sector Total Return Index and, accordingly, this is considered to be the most appropriate comparison to demonstrate the Company's relative performance.

Source: Thomson Reuters Datastream

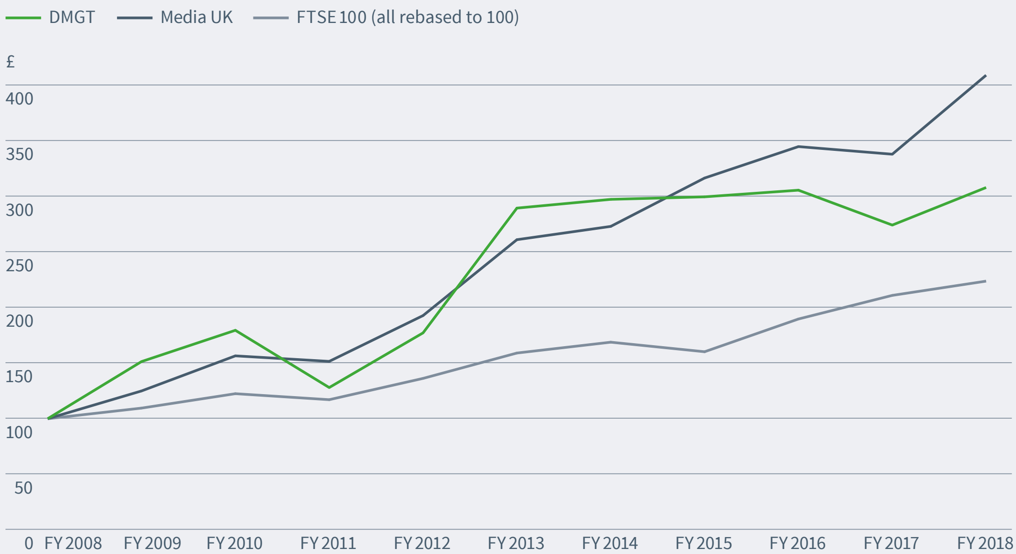

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Table 8: Chief Executive remuneration outcomes FY 2009 to FY 2018

Financial year ending	FY 2009 £000	FY 2010 £000	FY 2011 £000	FY 2012 £000	FY 2013 £000	FY 2014 £000	FY 2015 £000	FY 2016[2] £000	FY 2017[3] £000	FY 2018[3] £000
Total remuneration (single figure)	2,312	2,961	1,722	2,809	2,949	2,021	1,944	3,342	1,450	**1,867**
Annual variable pay[1] (% maximum)	63%	98%	40%	63%	88%	54%	58%	63%	42.5%	**81%**
LTIP achieved (% maximum)	0%	25%	25%/100%	52.5%	37.5%	40%	–	100%	–	–
Share price at vesting	N/A	£4.14	£5.72/£3.68	£4.82	£7.62	£8.31	–	£6.95	–	–

Notes
1. In FY 2009 maximum bonus opportunity was 200% of salary. No LTIP awards were made in that year or vested in that year. Maximum bonus opportunity was 100% of salary from FY 2010 to FY 2017 when it increased to 140%.
2. The single figure shown for FY 2016 combines the period of Martin Morgan's service to 31 May 2016 and his successor Paul Zwillenberg from 1 June 2016.
3. The figure for FY 2017 and FY 2018 is for Paul Zwillenberg.

Chart 3: Relative importance of spend on pay in the financial year

The chart sets out the relative importance of spend on pay in the financial year.

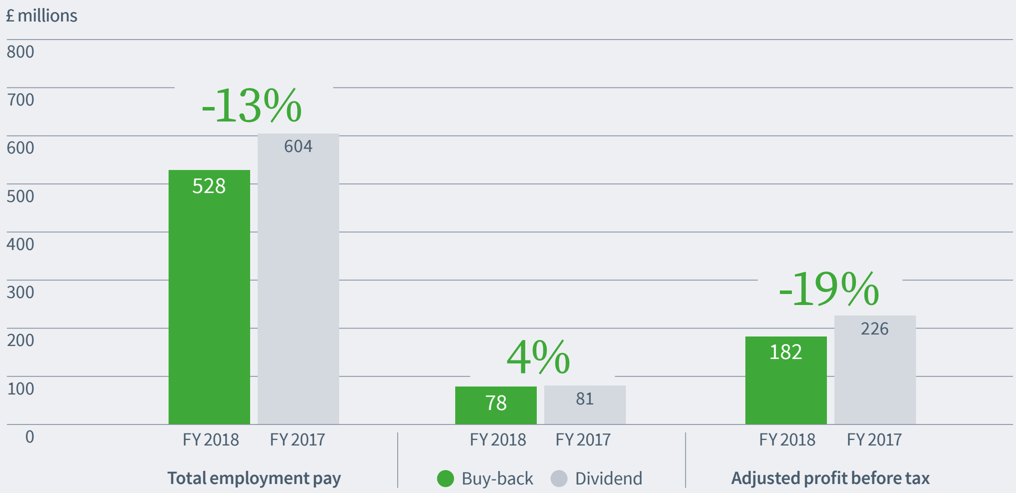

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Table 9: Statement of Directors' shareholding and share interests (Audited)

The number of shares of the Company in which Executive and Non-Executive Directors or their families had a beneficial or non-beneficial interest during FY 2018 and details of Long-Term Incentive (LTI) interests as at 30 September 2018 are set out in the table below. The shareholding guideline for Executive Directors is 5x (500%) of salary for Lord Rothermere and Paul Zwillenberg and 1.5x (150%) of salary for Tim Collier and Kevin Beatty. The value as a multiple of salary has been calculated using the 28 September 2018 share price of £7.02.

As at 30 September 2018	Ordinary	A Ordinary Non-Voting	LTI interests not subject to performance conditions[1] Vested	LTI interests not subject to performance conditions[1] Unvested	Value (as a multiple of salary)[2]	Guideline met	LTI interests subject to performance conditions[3]	Total outstanding interests[4]
Beneficial								
The Viscount Rothermere	19,890,364[5]	61,644,654	240,099	–	686	Yes	1,197,362	1,437,461
P A Zwillenberg	–	24,899	–	109,569	1.3	No	1,142,159	1,251,728
T G Collier	–	14,250	–	324,965	4.8	Yes	680,614	1,005,579
K J Beatty	–	368,351	12,804	14,404	3.7	Yes	988,963	1,016,171
P M Dacre	–	–	–	–	–	–	452,234	452,234
K A H Parry	–	23,499	–	–	N/A	N/A	N/A	N/A
	19,890,364	**62,075,653**	**252,903**	**448,938**			**4,461,332**	**5,163,173**
Non-beneficial								
The Viscount Rothermere	–	4,880,000						
D H Nelson	–	212,611						
		5,092,611						
Total Directors' interests	**19,890,364**	**67,168,214**						
Less duplications	–	(212,611)						
	19,890,364	**66,955,603**						

Notes
1. The LTI interests not subject to performance conditions (vested and unvested) are the nil cost options awarded as the bonus deferral; full details can be found in table 4 on page 60. The LTI interests not subject to performance conditions (unvested) also includes the recruitment awards made to Paul Zwillenberg and Tim Collier of 109,569 and 324,965 shares respectively. These were awarded under the EIP as Conditional Share Awards.
2. The value as a multiple of salary includes LTI interests not subject to performance conditions.
3. The LTI interests subject to performance conditions are detailed in tables 5.1 to 5.3 on pages 61 to 63 and include those shares which have vested but are not realisable as well as those that are outstanding.
4. Total outstanding interests are the sum of the LTI interests (both subject to and not subject to performance conditions) and options subject to performance conditions.
5. The Company has been notified that under Sections 793 and 824 of the Companies Act 2006, Lord Rothermere was deemed to have been interested as a shareholder in 19,890,364 Ordinary Shares at 30 September 2017.

None of the other directors held any shares in the Company, either beneficial or non-beneficial.

At 30 September 2018, Lord Rothermere was beneficially interested in 756,700 Ordinary Shares of Rothermere Continuation Limited, the Company's ultimate holding company.

For Paul Zwillenberg and Kevin Beatty, purchase of shares were made between 30 September 2018 and 30 November 2018 through the share purchase+ plan. These purchases increased the beneficial holdings of these Executive Directors by 43 shares for Paul Zwillenberg and 36 shares for Kevin Beatty.

Voting at general meeting

At the February 2017 AGM, the advisory vote on the Remuneration Report received 19,890,364 (100%) votes for, with no votes against and no abstentions. The Committee consults with major shareholders prior to any major changes to remuneration policy and practice.

Non-Executive Directors' appointment

The Non-Executive Directors are appointed for specified terms under the Company's Articles of Association and are subject to annual re-election at the AGM. Each appointment can be terminated before the end of the one-year period with no notice or fees due. The dates of each Non-Executive Director's original appointment and latest reappointment are set out below:

Non-Executive Director	Appointment commencement date	Latest reappointment date
Lady Keswick	23 September 2013	7 February 2018
A H Lane	6 February 2013	7 February 2018
F L Morin	8 February 2017	7 February 2018
D H Nelson	1 July 2009	7 February 2018
K A H Parry	22 May 2014	7 February 2018
JP Rangaswami	7 February 2018	7 February 2018
J H Roizen	26 September 2012	7 February 2018
D Trempont	9 February 2011	7 February 2018

Directors' service contracts/letters of appointment are available for inspection at DMGT's registered office.

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Remuneration Report

Directors' Remuneration Policy

This part of the report sets out the Company's policy for the remuneration of Directors (Policy). The Policy was last approved by shareholders at the AGM on 8 February 2017. The Committee has reviewed the Policy and is satisfied that it remains appropriate. The Policy can be found on the Company website.

The Policy, as set out on pages 68 to 71 below, is intended to apply for a three-year period from the date of the 2017 AGM. The Committee will next submit a new Policy for approval at the 2020 AGM.

Policy overview

The Committee aims to structure remuneration packages which motivate and retain Directors, drive the right behaviours and pay at market rates. The Committee considers that a successful Policy needs to be sufficiently flexible to take account of commercial demands, changing market practice and shareholder expectations. Our approach is to align base salary with reference to market levels of pay and to ensure that a significant part of Executive Director pay is variable and linked to the success of the Group.

The Long-Term Executive Incentive Plan (EIP) was approved at the AGM in February 2017. The plan directly links payouts to business performance by awarding management a share of profits, over and above a minimum threshold, after deducting a charge for additional capital. The EIP provides for exceptional pay in cases of truly exceptional performance, while not over-rewarding average performance.

The Committee regularly reviews remuneration structures to ensure they are aligned to business strategy. The Policy incorporates a degree of flexibility to allow the Committee to manage remuneration over its three year life.

Policy applied to Executive Directors

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Base salary To recruit, retain and reflect responsibilities of the Executive Directors and be competitive with peer companies.	The base salary for each Executive Director is reviewed annually for the following year taking into account contractual agreements, general economic and market conditions and the level of increases made across the Group as a whole. Given the location of the Company's principal operations, a particular focus is put on US and UK market conditions. Benchmarking based on media and other relevant companies is performed periodically and the Committee's intention is to apply judgement in evaluating market data.	Annual base salary increases, where made, are normally in line with average UK and US-based employees, subject to particular circumstances, such as changes in roles, responsibilities or organisation, or as the Committee determines otherwise based on factors listed under 'Operation'. The base salary for each Executive Director is set at a level the Committee considers appropriate taking account of the individual's skills, experience and performance, and the external environment. Base salaries for FY 2019 are set out on page 73.	Not performance related.
Pension To recruit, retain and reflect responsibilities of the Executive Directors and be competitive with peer companies.	Executive Directors may participate in a defined contribution pension scheme or may receive a cash allowance in lieu of pension contribution. Any contributions paid to the Company pension scheme will be offset from the cash allowance.	For Executive Directors who previously participated in the defined benefit scheme, the pension allowance has been set at a higher level (up to 37% of base salary). 30% of base salary or less for new recruits.	Not performance related.

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Benefits To recruit, retain and reflect responsibilities of the Executive Directors and be competitive with peer companies.	Benefits typically include cash allowances and non-cash benefits such as medical insurance and life assurance. Where appropriate, the Committee may also offer allowances for relocation or other benefits where it concludes that it is in the interest of the Company to do so, having regard to the particular circumstances and to market practice. Allowances do not form part of pensionable earnings. Executive Directors are also eligible to participate in the DMGT SharePurchase+ plan, an all-employee share incentive plan, on the same basis as other employees.	Benefits (e.g. car and pension allowance) may vary by role and individual circumstances. The cost of benefits changes periodically and may be determined by outside providers.	Benefits, including the DMGT SharePurchase+ plan are not performance related.
Annual bonus To focus Executive Directors on the delivery of financial performance and strategic objectives which create value for the Company and shareholders. To reward individual contribution to the success of the Company.	The annual bonus is based on in-year performance against financial objectives. The performance targets and measures are determined annually by the Committee and may change from year to year: • up to 100% of total bonus opportunity is based on financial performance at corporate and business unit level; and • a proportion of total bonus opportunity may be based on performance against strategic non-financial objectives. The bonus weightings applied for each of the Executive Directors may vary from time to time and may include financial measures and targets relating to the Group as well as their specific business. The weightings that apply to the bonus may vary if the Committee determines that it is appropriate in order to achieve the strategic aims of the business. Performance is measured separately for each item as shown in table 2.2 on page 59. Annual bonus payments do not form part of pensionable earnings. Annual bonus plans are discretionary and the Committee reserves the right to make adjustments to payments up or down if it believes that exceptional circumstances warrant doing so. Annual bonuses are subject to malus prior to payment, and to clawback for two years after payment, in circumstances including a material misstatement in results, an error in calculating/assessing satisfaction of any condition, the participant causing material reputational damage to any member of the Group or serious misconduct by the participant causing loss to any member of the Group.	Maximum annual bonus opportunity is as follows: • for Lord Rothermere, 180% of salary; • for Paul Zwillenberg, 140% of salary; • for Tim Collier, 140% of salary; and • for Kevin Beatty, 60% of salary. Paul Dacre did not participate in the annual bonus plan. The maximum level for new recruits will not exceed 200% of salary. The achievement of stretch targets results in maximum payout. On-target bonus is normally 50% of maximum. There is normally no payout for performance below threshold. Payout between threshold and target is on a straight-line basis. The performance range sets a balance between upside opportunity and downside risk and is normally based on targets in accordance with the annual budget.	Bonuses are subject to the achievement of financial measures set by the Committee. These measures may be varied from year to year. The measures for determining the annual bonus in FY 2018 were revenue and cash operating income. The performance required for a maximum payout is set at a stretch performance level that is above the level of the Company's forecasts. If performance is in line with forecast, then typically an on-target level of the annual bonus will be paid. The weightings that were applied to the FY 2018 bonus targets are as reported in table 2.1 on page 59. The Board considers the specific targets and relative weightings for each measure to be commercially sensitive and they will not be disclosed. Performance against targets in the year that bonus awards are made will be disclosed along with the relevant weightings in the Annual Report following the payment.

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Purpose and link to strategy	Operation	Opportunity	Performance metrics
Bonus deferral To provide an element of retention and align Executive Directors' interests with those of shareholders.	Awards are delivered through a grant of nil cost options. A proportion of some Executive Directors' annual bonus is deferred for a period of two years. Annual bonus deferral requirements are reported in detail in table 3 on page 59. Following the exercise of an option, a cash payment with a value equivalent to the sum of all of the dividends declared for the award between the grant date and the date of delivery of the shares will be made. Clawback of vested and unvested awards is possible in the event of material misstatement of information or misconduct.	All Executive Directors (with the exception of Lord Rothermere) are required to defer any above-target annual bonus into nil cost options for two years.	No further performance conditions are imposed except for continued employment.
Long-term incentives To focus Executive Directors on the delivery of strategic priorities creating sustainable long-term value for the Company and shareholders, thereby aligning Executive Directors' interests with the interests of the Company and shareholders. Specifically, the key objective is to incentivise Executive Directors to grow Company profits in an appropriate manner. Please see the notes to this table for further details about the link between the Long-Term Executive Incentive Plan (EIP) and the Group's strategic goals.	The Company adopted the EIP, following shareholder approval at the February 2017 AGM. The EIP will be used to grant long-term incentive awards to Executive Directors. Awards are made annually, which may be in the form of conditional share awards, options, restricted shares or cash at the discretion of the Committee. Awards may vest at the end of a performance period of a minimum duration of three years, subject to achievement of performance targets and continued service. In exceptional cases (e.g. recruitment) awards may be made without performance conditions if the Committee considers this appropriate. Awards will typically be paid out in shares, calculated by reference to the share price as at the date of grant, in order to ensure further alignment of the Executive Directors' interests with those of shareholders. The Committee may determine that awards will alternatively be settled in cash if it considers this appropriate. Awards may be granted on terms that the value of any dividends paid to shareholders on their shares in the period between the date of grant and the date of vesting (or exercise) is paid to the individual following the end of that period.	In order to incentivise and allow the potential to appropriately reward Executive Directors for truly exceptional performance, the maximum annual value of shares which can vest is capped at 500% of salary. Performance below threshold results in zero payout.	The Committee may set different performance measures, in terms of type of measure and the weighting given to each measure, for awards granted on different dates, provided the Committee considers that such measures are aligned with the Company's strategic goals and with the interests of its shareholders. Performance conditions may also be set on an individual basis to reflect a particular individual's role. The performance measures are designed to reflect progress towards the achievement of key strategic goals which may vary from year to year. For awards granted to Executive Directors under the EIP, current performance measures link awards to Group profits over a minimum threshold, subject to fair adjustment for any change in capital usage. The minimum threshold feature is designed to ensure that the awards are appropriately challenging and Executive Directors are not rewarded unless the Company achieves a minimum performance threshold. The capital charge/credit feature is designed to ensure that Executive Directors use capital efficiently over the long term, by requiring higher profits to be made if more capital is used.

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Long-term incentives continued	The Committee has discretion, within the rules of the EIP and the 2012 LTIP, to make adjustments taking into account exceptional factors that distort underlying business performance, such as (for example) material M&A activity. EIP awards are subject to malus prior to vesting, and to clawback for three years after vesting, in circumstances including a material misstatement in results, an error in calculating/assessing satisfaction of any condition, the participant causing material reputational damage to any member of the Group or serious misconduct by the participant causing loss to any member of the Group. Awards under the 2012 LTIP are subject to clawback (whether vested or unvested) in the event of material misstatement of information or misconduct. All awards are subject to the rules of the relevant plan (as may be amended from time to time in accordance with the rules) and any other terms and conditions applicable to the awards as the Committee may determine.		The Committee sets the applicable performance targets prior to, or at the time the awards are made, in accordance with its strategic planning. The Board considers the specific performance targets for each measure and the relative performance measure weightings to be commercially sensitive. Performance against targets and the relative weightings will be disclosed at the time the awards vest.
Shareholding requirement To align the interests of Executive Directors and shareholders.	Executive Directors are encouraged to build up a substantial shareholding in the Company. Shares which have been awarded subject to satisfaction of performance measures are not included in the calculation of the value of the Executive Director's shareholding. Hedging by Executive Directors of any shares held in the Company is prohibited.	The Committee recommends a minimum shareholding of 500% of base salary for the Chairman and the CEO, and 150% for all other Executive Directors. There is no time frame over which the guidelines should be met.	Not performance related.

Notes to the Policy table
Differences in remuneration policy for all employees:

- Base salary:
  Base salary increases elsewhere in the Group are set at a business level, taking into account economic factors, competitive market rates, roles, skills, experience and individual performance. The change in wages and salaries for the Company as a whole is reported in chart 1 on page 65.
- Pension:
  - Employees in the UK are auto-enrolled into the Company defined contribution pension scheme. There are a number of defined contribution schemes in operation across the Group, all of which offer levels of employer matching contributions.
  - Employees in the US are typically offered 401(k) retirement plan benefits.
- Benefits:
  Allowances and benefits for employees reflect the local labour market in which they are based.
- Annual bonus:
  - The majority of employees participate in some form of cash-based annual incentive, bonus or commission plan.
  - The annual bonus plan for the Executive Directors forms the basis of the annual bonus plan for the other head office executives. Plans across the Group are designed and tailored for each business, with the purpose of incentivising the achievement of their annual targets.
- Bonus deferral:
  Most annual bonus plans around the Group do not include a requirement for deferral.
- Long-term incentives:
  - The EIP for the Executive Directors forms the basis of annual awards for the other head office executives.
  - Plans for executives in other businesses across the Group are considered and approved by the Committee. Plans are designed to be appropriate to the stage of development of the business and to incentivise the achievement of the mid- to long-term strategic aims of the business in which they operate.
- Shareholding requirement:
  There is no shareholding requirement for employees below Executive Director level.

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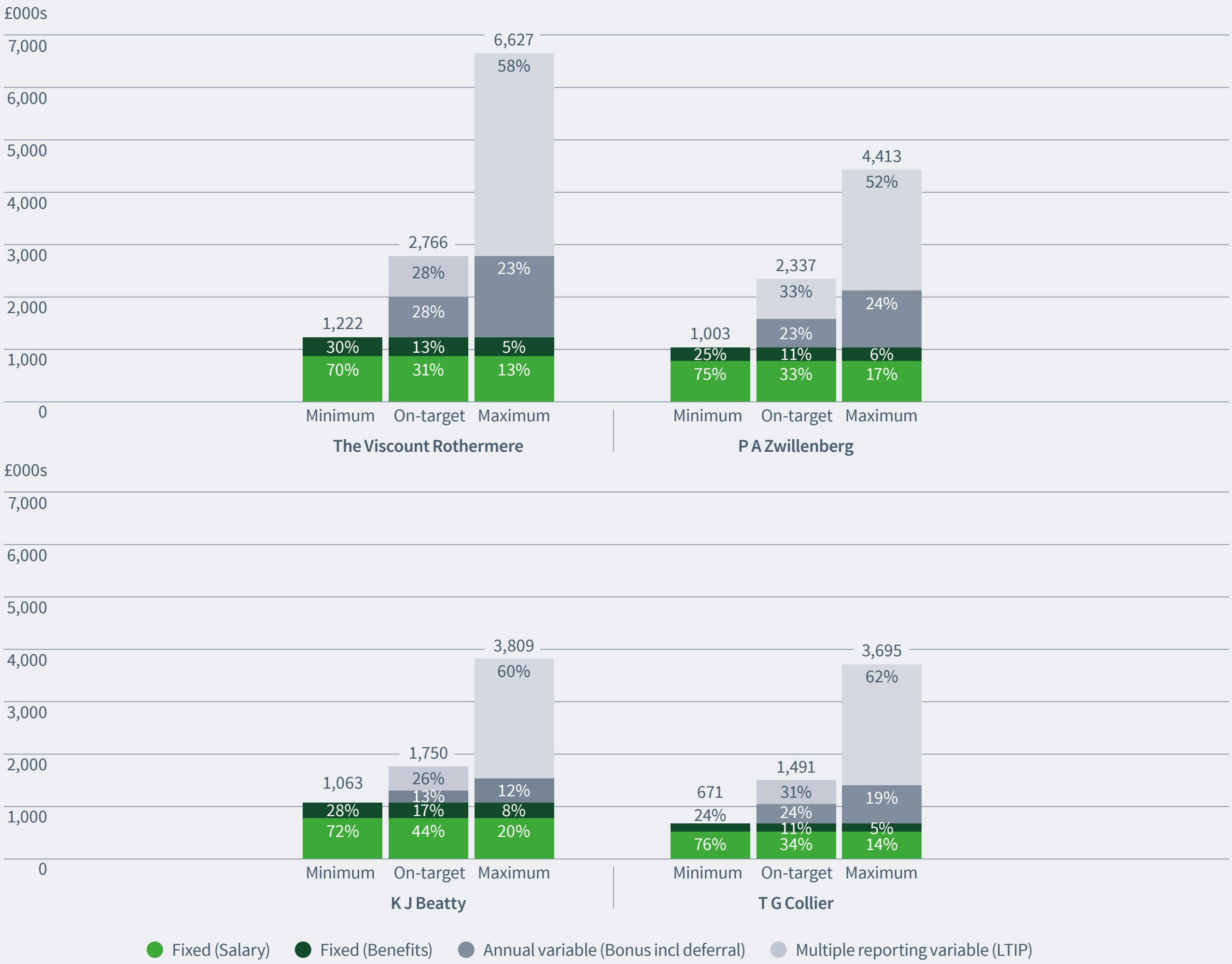
Remuneration Report

Pay scenario charts

Chart 4: Illustrations of application of Executive Directors' remuneration policy
The elements of remuneration have been categorised into three components: (i) Fixed; (ii) Annual variable; and (iii) Multiple reporting period variable, which are set out in the future policy table below:



Notes
Potential reward opportunities illustrated above are based on this Policy, applied to the latest-known base salaries and incentive opportunities.

Minimum in the graphs above is fixed remuneration only (salary, pension and benefits). On-target assumes that the standard long-term incentive award and target bonus have been awarded as stated in the Policy table.

Maximum assumes that the standard long-term incentive award and the maximum bonus have been awarded as stated in the Policy table.

Share awards valued at share price at date of award. No allowance is made for potential share price changes. Future share price changes form a key part of the remuneration linkage to performance and alignment of long-term shareholder returns.

Implementation of Remuneration Policy in FY 2019

Executive Directors' base fees and salary	Salary increases for each of the Executive Directors for FY 2019 were approved in line with increases across the UK business of 2.5%. Revised annual salaries including Directors' fees from 1 October 2018 are £858,000 for Lord Rothermere, £769,000 for Paul Zwillenberg, £512,500 for Tim Collier and £762,500 for Kevin Beatty.
Executive Directors' pension	No change to prior year. Pension allowances are reported in the single figure table 1 on page 58 with further details in the pension entitlements and cash allowances section in table 6 on page 64.
Benefits in kind	No change to nature of benefits since prior year. Allowances and benefits for FY 2018 are reported in detail in the notes to the single figure table 1 on page 58.
Executive Directors' annual bonus	Annual bonus payments for FY 2018 are reported in detail in tables 2.1 and 2.2 on page 59. Awards in FY 2019 will be measured against two metrics: Group level revenue and cash operating income. In addition to Group level performance, Kevin Beatty will be measured on the performance of dmg media against the same metrics (weighting 30% Group, 70% divisional). The Board considers the specific targets and relative weightings for each measure to be commercially sensitive and they will not be disclosed.
Bonus deferral	The nil cost options awarded in FY 2018 were for Kevin Beatty and relate to the deferred part of his FY 2017 bonus. The deferred amounts that apply for the FY 2018 bonus are shown in table 2.1 on page 59. Bonus deferral requirements for FY 2018 remain as stated in table 3 on page 59.
Executive Directors' long-term incentive	The Long-Term Executive Incentive Plan (EIP) (approved by shareholders at the 2017 AGM), directly links pay-outs to business performance by awarding management a share of profit growth, over and above a minimum threshold, after deducting a charge for additional capital. The new EIP provides for exceptional pay in cases of truly exceptional performance, while not over-rewarding average performance. Further details of the applicable performance criteria are included in the Policy table on pages 70 and 71. Individual awards will be determined each year and will be subject to the performance conditions outlined in the Policy. Outstanding awards will continue to vest according to the rules of the plans they were awarded under. Details of outstanding awards and their status are shown in detail in tables 5.1, 5.2 and 5.3 on pages 61 to 63. The Board considers the specific targets and relative weightings for each measure to be commercially sensitive and they will not be disclosed.
Executive Directors' service contracts	No changes to service contracts are planned for FY 2019.
External appointments	The Company allows its Executive Directors to take a very limited number of outside directorships. Individuals retain the payments from such services since these appointments are not expected to impinge on their principal employment. Lord Rothermere is on the Board of ITN; Tim Collier and Kevin Beatty are on the Board of Euromoney Institutional Investor PLC (Euromoney).
Executive Directors' shareholding guidelines	The guideline is 500% of base salary for Lord Rothermere and Paul Zwillenberg and 150% of base salary for all other Executive Directors. Directors' interests are reported in detail in table 9 on page 67.
Executive Directors' pension	Pension allowances for any new Executive Director will be limited to a maximum of 30%. Pension allowances are reported in the single figure table 1 on page 58 with further details in the Pension entitlements and cash allowances section in table 6 on page 64.
Recruitment award	None.
Exit payments	None.

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Remuneration Report

Executive Directors' service contracts

The Executive Directors are employed under service contracts, the principal terms of which are summarised below.

Executive Director	Position	Effective date of contract	Employer	Notice period (by either party)	Compensation on termination by employer without notice or cause
The Viscount Rothermere	Chairman	17 October 1994	Daily Mail and General Trust plc	3 months	Base salary, benefits, pension entitlement and, as appropriate, a prorated bonus payment for the notice period.
P A Zwillenberg	CEO	1 June 2016	Daily Mail and General Holdings Limited	12 months	Base salary, pension allowance, car allowance and cash equivalent value of other benefits for the notice period. Compensation is subject to mitigation if the Director obtains an alternative remunerated position.
T G Collier	Group Chief Financial Officer	2 May 2017	Daily Mail and General Trust plc	12 months	Base salary, pension allowance, car allowance and cash equivalent value of other benefits for the notice period. Compensation is subject to mitigation if the Director obtains an alternative remunerated position.
K J Beatty	Executive Director	19 May 2002	Associated Newspapers Limited	12 months	Base salary, benefits, pension entitlement and, as appropriate, a prorated bonus payment for the notice period.

External appointments

The Company allows its Executive Directors to take a very limited number of outside directorships. Individuals retain the payments received from such services since these appointments are not expected to impinge on their principal employment. Tim Collier and Kevin Beatty are Directors of Euromoney and receive fees of £50,000 per annum. Lord Rothermere is a Director at ITN and receives fees of £25,000 per annum. Fees paid are included in the single figure table shown on page 58.

Legacy arrangements

For the avoidance of doubt, in approving this Policy, authority is given to the Company to honour any commitments entered into with current or former Directors prior to the approval and implementation of this Policy (such as payment of pensions or the vesting/exercise of past share awards), provided that such commitments complied with any Policy in effect at the time they were given.

Approach to recruitment remuneration

When appointing or recruiting a new Executive Director from outside the Company, the Committee will normally aim to set remuneration at a level which is consistent with the Remuneration Policy in place for other Executive Directors and in particular the Executive Director who previously filled the relevant role, although it is recognised that, in order to secure the best candidate for a role, the Company may need to pay a new Executive Director more than it pays its existing Executive Directors. Pre-existing contractual agreements for internal candidates may be maintained on promotion to an Executive Director role.

The Committee may make use of any of the below components in the (recruitment) remuneration package.

Component	Approach	Maximum annual grant level
Base salary	Base salary will be determined by reference to the individual's role and responsibilities, location of employment, and the salary paid to the previous incumbent.	Not applicable.
Pension	The appointed Executive Director will be eligible to participate in the Group's defined contribution pension plan and/or receive a cash pension allowance.	30% of base salary.
Benefits	New appointments may be eligible to receive benefits in line with the Policy for current Executive Directors as well as benefits relating to relocation such as (but not limited to) cost of living, housing and tax equalisation support.	Not applicable.
Annual bonus	The appointed Executive Director will be eligible to participate in the Company's annual bonus plan in accordance with the Policy for current Executive Directors and may be required to defer some or all of any bonus granted in accordance with the Policy.	200% of base salary.
Long-term incentives	The appointed Executive Director will be eligible to participate in the Executive Incentive Plan in accordance with the Policy for current Executive Directors, save that the Committee may provide that an initial award under EIP (within the salary multiple limits on page 70) is subject to a requirement of continued service over a specified period, rather than the usual performance conditions.	500% of base salary at the time the award is made.
Replacement awards	If in joining DMGT a new Executive Director would forfeit any existing award under variable remuneration arrangements with a previous employer, the Committee will consider on a case-by-case basis what replacement awards (if any) are reasonably necessary to facilitate that individual's recruitment, taking into account all relevant factors such as performance achieved or likely to be achieved, the proportion of the performance period remaining and the form of the award due to be forfeited.	Not applicable.

Exit payment policy

The Company normally sets the notice period of Executive Directors as 12 months, but may decide to vary this in circumstances it deems appropriate.

On termination, the Company will normally make a payment in lieu of notice (PILON) which is equal to the aggregate of: the base salary at the date of termination for the applicable notice period; the pension allowance over the relevant period; the cost to the Company of providing all other benefits (excluding pension allowance and annual bonus) or a sum equal to the amount of benefits as specified in the Company's most recent Annual Report; and a bonus payment calculated in accordance with the service contract of the Director. The treatment of awards under the Company's long-term incentive plans on termination will be in accordance with the rules of the plan and, where appropriate, at the discretion of the Committee.

The Company may pay the PILON either as a lump sum or in equal monthly instalments from the date on which the employment terminates until the end of the relevant period. If alternative employment (paid above a pre-agreed rate) is commenced, for each month that instalments of the PILON remain payable, the amounts, in aggregate (excluding the pension payment), may be reduced by half of one month's base salary in excess of the pre-agreed rate.

In the event that a participant's employment is terminated, treatment of outstanding awards under the Group's incentive plans will be determined based on the relevant plan rules, which are summarised below:

Incentive plan	Treatment of awards
DMGT SharePurchase+	All leavers have to exit DMGT SharePurchase+ and either sell or transfer their shares. If identified as a 'good leaver', under the rules of DMGT SharePurchase+, no tax or National Insurance contributions are paid.
Annual bonus	If identified as a 'good leaver' for the purposes of the bonus, the Committee may determine that the leaver's contribution was significant against targets, in which case, it may decide to make a payment which is equivalent of up to a full year's bonus.
Deferred bonus plan	If identified as a 'good leaver' under the deferred bonus plan rules (including those identified at the discretion of the Committee), outstanding awards shall vest in full on the normal vesting date or on such earlier date as the Committee may determine.
Long-term incentive plans	If identified as a 'good leaver' under the rules (including those identified at the discretion of the Committee), outstanding awards will vest, either on the normal vesting date or on such earlier date as the Committee may determine, to the extent determined by the Committee taking into account the performance conditions, the proportion of the performance period which has elapsed at the date of termination and any other factors it considers appropriate. If, in the judgement of the Committee, greater progress towards achievement of targets has been made as a result of the performance of the leaver, it may, at its absolute discretion, decide to vest up to 100% of the outstanding award.

Governance

Remuneration Report

The Committee may make payments it considers reasonable in settlement of potential legal claims, e.g. unfair dismissal or where agreed under a settlement agreement. This may include an entitlement to compensation in respect of their statutory rights under employment protection legislation and such reasonable reimbursement of fees for legal and/or tax advice in connection with such agreements and/or costs of outplacement services.

Where an Executive Director is a 'good leaver', the Committee reserves the discretion to approve any or all of the following additional benefits:

- continuation of private medical insurance or life assurance for a period of time following termination;
- use of business premises for a period after termination;
- retention of IT equipment by the Executive Director; and/or
- use of a company car and/or driver for a period after termination.

Consideration of pay and employment conditions elsewhere across the Group

The Committee considers pay and employment conditions elsewhere in the Group when making decisions on remuneration matters affecting the Directors. The Committee receives a report annually on the salary budget for each business. The Committee makes reference, where appropriate, to pay and employment conditions elsewhere in the Group (whilst remaining aware of the variety of geographies and sectors in which it operates) when determining annual base salary increases and to external benchmarks of remuneration levels in other companies.

The Committee makes reference to data provided by and advice sought from internal and external advisers when making decisions on remuneration matters affecting the Directors. It does not specifically consult with employees over the effectiveness and appropriateness of the Remuneration Policy and framework.

Consideration of shareholder views

The Committee receives annual updates on the views and best practices of shareholders and their representative bodies and, notwithstanding the Company shareholder structure, takes these into account. The Committee seeks the views of shareholders on matters of remuneration where appropriate.

Implementation of Policy for Non-Executive Directors FY 2019

Non-Executive Directors' fees	The actual fees paid to Non-Executive Directors in FY 2018 are shown in table 7 on page 64. A market review of Non-Executive Directors fees was undertaken in July 2018 and a single fee was introduced for the US-based Non-Executive Directors of $285,000. This fee covers the base fee, Committee membership fees, one set of travel fees to a US Board meeting and fees for project work and ad-hoc contributions for DMGT. This is applicable for Heidi Roizen and Dominique Trempont.

This report covers the reporting period to 30 September 2018 and has been prepared in accordance with the relevant requirements of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 and of the Listing Rules of the Financial Conduct Authority.

Statutory Information

Directors' Report

Other statutory information

Required information can be found in the Strategic Report on pages 2 to 35, which is incorporated into this report by reference. Information on employees, community and social issues is given in the Our People and Our Stakeholders section on pages 30 and 31.

In accordance with the Financial Conduct Authority's Listing Rules (LR 9.8.4C), the information to be included in the Annual Report, where applicable, under LR 9.8.4, is set out in the Governance section, with the exception of details of transactions with controlling shareholders (if any) which are set out in Note 44.

Forward-looking statements

This Annual Report contains certain forward-looking statements with respect to principal risks and uncertainties facing the Group. By their nature, these statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by those forward-looking statements. No assurances can be given that the forward-looking statements are reasonable as they can be affected by a wide range of variables.

The forward-looking statements reflect the knowledge and information available at the date of preparation of this Annual Report and will not be updated during the year. Nothing in this Annual Report should be construed as a profit forecast.

Tangible fixed assets and investments

The Company's subsidiaries are set out on page 179. Changes to the Group's tangible fixed assets and investments during the year are set out in Notes 23 to 26. There was no material difference in value between the book value and the market value of the Group's land and buildings.

Directors

The names of the Directors, plus brief biographical details are given on pages 36 and 37. Directors held office throughout the year with the exception of Paul Dacre and JP Rangaswami. In accordance with the UK Corporate Governance Code, all existing Directors will stand for re-election at the Annual General Meeting (AGM) on 6 February 2019.

JP Rangaswami was elected at the AGM on 7 February 2018.

Principal activities

A description of the principal activities of the Group and likely future developments and important events occurring since the end of the year are given in the Strategic Report on pages 2 to 35.

Results and dividends

The profit for the year of the Group amounted to £688 million. After excluding the £1 million loss element attributable to non-controlling interests, the Group profit for the year attributable to owners of the Company amounted to £689 million. The Board recommends a final dividend of 16.2 pence per share. If approved at the 2019 AGM, the final dividend will be paid on 8 February 2019 to shareholders at the close of business on 7 December 2018. Together with the interim dividend of 7.1 pence per share paid on 29 June 2018, this makes a total dividend for the year of 23.3 pence per share (2017 22.7 pence).

Directors' interests

The number of shares of the Company and of securities of other Group companies in which the Directors, or their families, had an interest at the year end, are stated in the Remuneration Report on page 67.

Employee Benefit Trust

The Executive Directors of the Company, together with other employees of the Group, are potential beneficiaries of the DMGT Employee Benefit Trust (Employee Trust) and, as such, are deemed to be interested in any A Shares held by the Employee Trust. At 30 September 2018, the Employee Trust's shareholding totalled 2,981,109 A Shares.

Between 30 September 2018 and 28 November 2018 the Employee Trust transferred nil A Shares to satisfy the exercise of awards under employee share plans.

Significant shareholdings

As at 28 November 2018, the Company had been notified that Rothermere Continuation Limited held 100% of the issued Ordinary Shares. There has been no movement in this position since 30 September 2018.

The Board regards holdings in the Company's securities of greater than 15% to be significant. There are no significant holdings in the Company's A Shares other than those shown in the Remuneration Report on page 67.

Share capital

The Company has two classes of shares. Its total share capital is comprised of 5% Ordinary Shares and 95% A Shares. Full details of the Company's share capital are given in Note 38.

Holders of Ordinary and A Shares are entitled to receive the Company's Annual Report. Holders of Ordinary Shares are entitled to attend and speak at general meetings and to appoint proxies and exercise voting rights.

During the year, the Company transferred 2.9 million shares out of Treasury and the Employee Benefit Trust, representing 0.9% of called-up A Shares, in order to satisfy incentive schemes. The Company held 7,793,528 shares in Treasury and the DMGT Employee Benefit Trust with a nominal value of £1.0 million at 30 September 2018. The maximum number of shares held in Treasury and by the DMGT Employee Benefit Trust during the year was 8,523,183, which had a nominal value of £1.1 million. The Company also purchased 2.2 million shares for holding in Treasury having a nominal value of £0.3 million in order to match obligations under various incentive plans. The consideration paid for these shares was £14.3 million. Shares purchased during the year represented 0.6% of the called-up A Share capital as at 30 September 2018.

On 28 November 2018 the Company held 4,812,419 Treasury Shares.

Details of allotments of share capital which arose solely from the exercise of options are given at Note 39.

Authority to purchase shares

At the Company's AGM on 7 February 2018, the Company was authorised to make market purchases of up to 34,216,678 A Shares representing approximately 10% of the total number of A Shares in issue. During the period from 29 November 2017 to 30 September 2018, the Company purchased nil shares into Treasury, at a total cost of £nil (see Note 39).

External Auditor and disclosure of information to the External Auditor

So far as the Directors are aware, there is no relevant audit information of which the Company's External Auditor is unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's External Auditor is aware of that information. The Company's External Auditor, PwC, has indicated its willingness to

Governance

Statutory Information

serve and, in accordance with Section 489 of the Companies Act 2006, a resolution proposing the reappointment of PwC will be put to the AGM on 6 February 2019.

Directors' indemnity

A qualifying third-party indemnity (QTPI), as permitted by the Company's Articles of Association and Sections 232 and 234 of the Companies Act 2006, has been granted by the Company to each of the Directors of the Company. Under the provisions of the QTPI, the Company undertakes to indemnify each Director against liability to third parties (excluding criminal and regulatory penalties) and to pay Directors' defence costs as incurred, provided that they are reimbursed to the Company if the Director is found guilty or, in an action brought by the Company, judgment is given against the Director.

Going concern

A full description of the Group's business activities, financial position, cash flows, liquidity position, committed facilities and borrowing position, together with the factors likely to affect its future development and performance, is set out in the Strategic Report, particularly the Financial Review on pages 22 to 29 and in the Notes to the accounts on page 95.

The Group has significant financial resources and the Directors, having reviewed the Group's operating budgets, investment plans and financing arrangements, have assessed the future funding requirements of the Group and compared this to the level of committed facilities and cash resources. The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the Annual Report.

Viability Statement

A Viability Statement in respect of the Company can be found on page 26.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration 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 prepared the Group Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and the parent Company Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union and applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and parent Company Financial Statements respectively; 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 the Group and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the International Accounting Standards Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions. Each of the Directors confirms that, to the best of his/her knowledge:

- the Group Financial Statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic Report contained on pages 2 to 35 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Relationship agreements

Daily Mail and General Trust plc entered into a Relationship Deed with Euromoney Institutional Investor PLC on 8 December 2016, and ZPG Plc on 5 June 2014, in each case in accordance with the Listing Rules and have acted in accordance with the terms of the Deeds since execution. The ZPG Plc Relationship Deed ceased with the sale of the Group's interest in the company.

Political donations

No political donations were made during the period.

Principal risks

The principal risks and how they are being managed or mitigated are shown on pages 32 to 35. The Directors have reviewed the Group's principal risks including those that would threaten the Group's business model, future performance, solvency or liquidity.

Events after the balance sheet date

Details are provided in Note 45.

Material contracts

Group companies undertake business with a range of customers and suppliers. There is no dependence on any particular contractual arrangement other than those disclosed in Note 41 as regards to ink and printing, where arrangements are in place until FY 2020 and FY 2022 respectively in order to obtain competitive prices and to secure supplies. Arrangements are made biannually with a range of newsprint suppliers to ensure the security of supply at the best available prices, having regard to the need for the necessary quality. Since the Group is a diversified international portfolio of businesses, DMGT is not dependent on any supplier of other commodities for its revenue or any particular customer. Distribution arrangements are in place to ensure the delivery of newspapers to retail outlets.

Employees

Details in respect of employees are in the Our People and Our Stakeholders section on pages 30 and 31.

Articles of Association

The appointment and replacement of Directors is governed by the Company's Articles of Association. Any changes to the Articles of Association must be approved by the shareholders in accordance with the legislation in force from time to time.

The Directors have authority to issue and allot A Shares pursuant to Article 9 of the Articles of Association and shareholder authority is requested at each AGM. The Directors have authority to make market purchases of A Shares. This authority is also renewed annually at the AGM.

Conflicts of interest

The Articles of Association permit the Board to authorise a conflict of interest in respect of any matter which would otherwise involve a Director breaching his duty under the Companies Act 2006 to avoid conflicts of interest.

When authorising a conflict of interest the Board must do so without the conflicting Director counting as part of the quorum. In the event that the Board considers it appropriate, the conflicted Director may be permitted to participate in the debate, but will neither be permitted to vote nor count in the quorum when the decision is being agreed. The Directors are aware that it is their responsibility to inform the Board of any potential conflicts as soon as possible.

Procedures are in place to facilitate disclosure. The Board reviews its position on conflicts of interest annually and at such other times as are appropriate.

Change of control

The Company is not party to any significant agreements that would take effect, alter or terminate upon a change of control of the Company following a takeover bid. However, certain of the Group's third-party funding arrangements would terminate upon a change of control of the Company.

The Company does not have agreements with any Director or employee providing compensation for loss of office or employment that occurs because of a takeover bid, except for provisions in the rules of the Company's share schemes which may result in options or awards granted to employees vesting on a takeover.

Transactions with Directors

No transaction, arrangement or agreement required to be disclosed in terms of the Companies Act 2006 and IAS 24, Related Parties, was outstanding at 30 September 2018, nor was entered into during the year for any Director and/or connected person except as detailed in Note 44 (2017 none).

Annual General Meeting

The AGM will be held at 9.00 am on Wednesday 6 February 2019 at Northcliffe House, 2 Derry Street, London W8 5TT. The resolutions to be put to the meeting are set out on pages 80 and 81. A notice of meeting will be issued to the holders of Ordinary Shares and their nominees only. Only Ordinary Shareholders will be entitled to attend.

A resolution to reappoint the Group's External Auditor PricewaterhouseCoopers LLP, will be proposed at the 2019 AGM.

By order of the Board

F Sallas
Company Secretary

Governance

Annual General Meeting 2019: Resolutions

The Company's Annual General Meeting (AGM) will be held at 9.00 am on Wednesday 6 February 2019. Only the holders of Ordinary Shares are entitled to attend and vote. For information, below are the resolutions that will be put to the Ordinary Shareholders at the AGM. The results will be posted on the Company's website following the meeting in the usual way.

As Ordinary Business

Report and Accounts

1. To receive the Directors' Report, the Accounts and the Auditor's Report for the financial year ended 30 September 2018.

Remuneration Report

2. To receive and approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) as set out on pages 54 to 76 of the Annual Report and Accounts for the financial year ended 30 September 2018, in accordance with section 439 of the Companies Act 2006 (the Act).

Dividend

3. To declare the final dividend recommended by the Directors of 16.2 pence per Ordinary Share or A Ordinary Non-Voting Share (each an 'A Share') for the year ended 30 September 2018 to all holders of Ordinary Shares and/or A Shares on the register at the close of business on 7 December 2018.

Directors

4. To re-elect Viscount Rothermere as a Director
5. To re-elect Mr Beatty as a Director.
6. To re-elect Mr Collier as a Director.
7. To re-elect Lady Keswick as a Director.
8. To re-elect Mr Lane as a Director.
9. To re-elect Mr Morin as a Director.
10. To re-elect Mr Nelson as a Director.
11. To re-elect Mr Parry as a Director.
12. To re-elect Mr Rangaswami as a Director.
13. To re-elect Ms Roizen as a Director.
14. To re-elect Mr Trempont as a Director.
15. To re-elect Mr Zwillenberg as a Director.

Auditor

16. To reappoint PricewaterhouseCoopers LLP as the Company's External Auditor until the end of the next general meeting at which accounts are laid before the Company.
17. To authorise the Directors to determine the Company's External Auditor's remuneration.

As Special Business

18. That the Company be and is hereby generally and unconditionally authorised for the purposes of s701 of the Act to make market purchases (within the meaning of s693(4) of the Act) of A Shares on the London Stock Exchange provided that:

    (a) the maximum aggregate number of A Shares which may be purchased is 33,739,205;

    (b) the minimum price (excluding expenses) which may be paid for each A Share of 12.5 pence each in its share capital is not less than 12.5 pence per share;

    (c) the maximum price (excluding expenses) which may be paid for each A Share of 12.5 pence each in its share capital does not exceed the higher of:

    (i) 5% above the average of the middle market quotation taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase; and

    (ii) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Regulatory Technical Standards adopted by the European Commission under Article 5(6) of the Market Abuse Regulation (EU) No 596/2014; and

    (d) the authority conferred by this Resolution shall expire on the date of the AGM next held after the passing of this Resolution or on 6 May 2020 whichever is the earlier (except in relation to the purchase of shares the contract for which was concluded before such date and which would or might be executed wholly or partly after such date).

This authority revokes and replaces all unexercised authorities previously granted to the Directors to allot A Shares but without prejudice to any allotment of A Shares or grant of rights already made, offered or agreed to be made pursuant to such authority.

As Ordinary Business

19. That the Directors be generally and unconditionally authorised pursuant to s551 of the Act to:

    (a) allot A Shares in the Company, and to grant rights to subscribe for or to convert any security into A Shares in the Company up to an aggregate nominal amount of £2,108,700 for a period expiring (unless previously renewed, varied or revoked by the Company in a general meeting) at the next AGM of the Company after the date on which this Resolution is passed or on 6 May 2020, whichever is the earlier; and

    (b) make an offer or agreement which would or might require A Shares to be allotted, or rights to subscribe for or to convert any security into A Shares to be granted, after expiry of this authority and the Directors may allot A Shares and grant rights in pursuance of that offer or agreement as if this authority had not expired.

This authority revokes and replaces all unexercised authorities previously granted to the Directors to allot A Shares but without prejudice to any allotment of A Shares or grant of rights already made, offered or agreed to be made pursuant to such authority.

As Special Business

20. If Resolution 19 is passed, that the Directors be generally empowered pursuant to s570 and s573 of the Act to allot A Shares or grant rights to subscribe for or to convert any security into A Shares, for cash, or sell A Shares held by the Company as Treasury Shares for cash, pursuant to the authority conferred by Resolution 19, as if s561(1) of the Act did not apply to the allotment. This power:

    (a) expires (unless previously renewed, varied or revoked by the Company in a general meeting) at the next AGM of the Company after the date on which this Resolution is passed or on 6 May 2020, whichever is the earlier, but the Company may make an offer or agreement which would or might require such securities to be allotted after expiry of this power and the Directors may allot such securities in pursuance of that offer or agreement as if this power had not expired; and

    (b) shall be limited to the allotment of such A Shares, the grant of rights to subscribe for or to convert any security into A Shares or the sale of A Shares held by the Company as Treasury Shares for cash, up to an aggregate nominal amount of £2,108,700.

21. If Resolution 19 is passed, that the Directors be generally and unconditionally empowered, in addition to any authority granted under Resolution 20, pursuant to s570 and s573 of the Act to allot equity securities for cash pursuant to the authority conferred by Resolution 19, and/or to sell A Shares held by the Company as Treasury Shares for cash, as if s561(1) of the Act did not apply to the allotment or sale. This power:

    (a) expires (unless previously renewed, varied or revoked by the Company in a general meeting) at the next AGM of the Company after the date on which this Resolution is passed or on 6 May 2020, whichever is the earlier, but the Company may make an offer or agreement which would or might require such securities to be allotted after expiry of this power and the Directors may allot such securities in pursuance of that offer or agreement as if this power had not expired;

    (b) shall be limited to the allotment of equity securities and/or the sale of A Shares held by the Company as Treasury Shares for cash, up to an aggregate nominal amount of £2,108,700; and

    (c) shall be used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

Notice

22. That, a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By order of the Board

F Sallas
Company Secretary

Daily Mail and General Trust plc
Northcliffe House, 2 Derry Street,
London W8 5TT

28 November 2018

Financial Statements

Independent auditor's report to the members of Daily Mail and General Trust plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Daily Mail and General Trust plc's Group financial statements and parent Company financial statements (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 30 September 2018 and of the Group's profit and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report, which comprise: Company and Consolidated Statement of Financial Position; Consolidated Income Statement; Consolidated Statement of Comprehensive Income; Company and Consolidated Statement of Changes in Equity; Consolidated Cash Flow Statement; and the Notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent Company.

Other than those disclosed in Note 5 to the financial statements, we have provided no non-audit services to the Group or the parent Company in the period from 1 October 2017 to 30 September 2018.

Our audit approach

Overview

Materiality

- Overall Group materiality: £7.2 million (2017: £9 million), based on 4% of adjusted profit before tax.
- Overall parent Company materiality: £38 million (2017: £9 million), based on 1% of total assets (2017: Overall Group materiality).

Audit scope

- Of the Group's six trading reporting divisions, we obtained full scope audits for Consumer Media and Insurance Risk.
- For Events and Exhibitions, Property Information, EdTech and Energy Information we scoped our audit at a business level, and identified ten businesses over which we performed either a full scope audit or specified audit procedures on certain balances or transactions.
- A full scope audit was also performed for the Group's material associate, Euromoney Institutional Investor PLC. Specified audit procedures were performed for ZPG Plc up to the date of disposal.
- Taken together, the components where we performed audit work accounted for 84% of Group revenue and 70% of absolute adjusted profit before taxation.

Key audit matters

- Impairment of intangible assets and goodwill (Group).
- Accounting for disposals (Group).
- Presentation of adjusted profit (Group).
- Accounting for deferred taxation and uncertain tax positions (Group).
- Carrying value of investments in subsidiaries (Parent).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industries in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Group and parent Company financial statements, including, but not limited to, International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, enquiry with internal counsel and confirmations with external counsel, review of significant component auditors' work and review of internal audit reports in so far as they related to the financial statements. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Impairment of intangible assets and goodwill (Group)	
Refer to the Audit & Risk Committee report on pages 46 to 52 and to Notes 21 and 22 in the Consolidated Financial Statements. The Group had £333 million of goodwill and a further £131 million of intangible assets on the balance sheet at 30 September 2018. Impairment charges of £58 million have been recorded against intangible assets relating to RMS(one) following management's change in strategy. The carrying values of the remaining goodwill and intangible assets are contingent on future cash flows of the underlying CGUs and there is a risk that if these cash flows do not meet the directors' expectations that some of these assets will be impaired.	As part of our audit of the directors' impairment reviews (for both goodwill and intangible assets) we evaluated future cash flow forecasts and the process by which they were drawn up. This included comparing them to the latest Board approved budgets and management's three year plans, and testing the underlying calculations. For the impairment assessment of goodwill and intangible assets we tested all key assumptions, including: • revenue and profit assumptions included within budgets and future forecasts, by considering the historical accuracy of budgets against actual results; • the long-term growth rates in the forecasts by comparing them to historical results, economic and industry forecasts, and comparable companies; • the discount rate by comparing the cost of capital for the Group with comparable organisations, and assessed the specific risk premium applied to the business in question; and • the directors' potential bias through performance of our own sensitivity analysis on key assumptions particularly those driving underlying cash flows. We engaged our valuation specialists to assist us in evaluating the appropriateness of key market related assumptions in the directors' valuation models, including discount and long term growth rates. In addition, we corroborated the value in use assessment by reference to implied multiples of comparable companies, recent transactions and other third party reports where available. With regards to RMS(one) we met with relevant directors, software staff, and sales staff to gain an understanding of the change in strategy and corroborate facts and circumstances around the full impairment loss taken of £58 million. We considered the need for additional sensitivity disclosures for CGUs with limited headroom as required by IAS 36 Impairment of Assets and we agree with the directors' decision to provide these additional disclosures for Genscape and Hobsons. For those assets where the directors determined that no impairment was required and that no additional sensitivity disclosures were necessary, we found that these judgements were supported by reasonable assumptions that would require significant downside changes before any additional material impairment was necessary.

Financial Statements

Independent auditor's report to the members of Daily Mail and General Trust plc

Key audit matter	How our audit addressed the key audit matter
Accounting for disposals (Group) Refer to the Audit & Risk Committee report on pages 46 to 52 and to Notes 8 and 18 in the Consolidated Financial Statements. During the year, the Group executed a number of disposals of subsidiaries including: • disposal of Locus Energy, Inc. in exchange for a 17.9% interest in AlsoEnergy Holdings, Inc.; • disposal of the Environmental Data Resources (EDR) business; and disposal of the Group's 29.9% shareholding in ZPG Plc. The calculation of the profit on disposals can be complex.	For the Group's 17.9% interest in AlsoEnergy Holdings resulting from the sale of Locus, we considered and concluded that DMGT has the ability to exert significant influence over the business given sufficient voting rights and board presence to be considered an associate in accordance with IAS 28 Investments in Associates and Joint Ventures. We considered the valuation of the Group's holding in AlsoEnergy with reference to multiples derived by a third party from comparable market transactions and applied sensitivities to management's calculations to demonstrate the valuation was reasonable. With regards to the calculation of the profit on disposals, we: • obtained and recalculated the directors' calculation of the profit on disposal; • verified the fair value of consideration received to underlying support including cash transactions and the Share Purchase Agreements; and • recalculated foreign exchange differences that were appropriately recycled on disposal. Based on the procedures performed, we concluded that the accounting for the disposals was accurate and the disclosures were sufficient.
Presentation of adjusted profit (Group) Refer to the Audit & Risk Committee report on pages 46 to 52 and to Note 13 in the Consolidated Financial Statements. The Group presents adjusted profit before taxation to enable users of the financial statements to gain a better understanding of the underlying results. In arriving at adjusted profit a number of items are considered 'exceptional' by management and are excluded from underlying earnings. The classification of items as non-trading or exceptional is an area of judgement and the appropriateness and consistency of the presentation of adjusted measures of performance continues to attract scrutiny from the financial reporting regulators.	We have considered the appropriateness of the adjustments made to statutory profit before taxation to derive adjusted profit before tax. We have understood the rationale for classifying items as exceptional or non-trading and considered whether this is reasonable and consistent, in that it includes items that both increase and decrease the adjusted profit measure, are consistent year on year, and are in accordance with the Group's accounting policy. We have also audited the reconciliation of adjusted profit to statutory profit in Note 13, and agreed all material adjustments to underlying accounting records and our audit work performed over other balances. We have determined that the rationale for including or excluding items from adjusted profit has been consistently applied across gains and losses and year on year. We consider the Group's disclosures setting out the reasons for its use of alternative performance measures and the reconciliations of these measures to the statutory amounts to be in line with the FRC guidance in this area.

Strategic Report
Governance
Financial Statements
Shareholder Information

Key audit matter	How our audit addressed the key audit matter
Accounting for deferred taxation and uncertain tax positions (Group) Refer to the Audit & Risk Committee report on pages 46 to 52 and to Note 37 in the Consolidated Financial Statements. The Group's recognition of deferred tax assets in respect of trading and non-trading tax losses in the Group is an area of focus due to the quantum of the losses and the requirement to make estimates of future taxable profits in determining the valuation of deferred tax assets. In addition, the Group has provisions for uncertain tax positions relating to both historic and current tax arrangements. The recognition and measurement of these items in the financial statements is judgemental, and we focussed on the directors' forecasts of future profits against which to utilise accumulated losses, and the technical interpretation of taxation law in respect to transactions giving rise to deferred tax assets and uncertain tax positions.	We involved our in-house tax specialists in our testing of the appropriateness of the estimates and judgements taken in relation to deferred taxation and in respect of uncertain tax positions recognised in the financial statements. In assessing the likelihood of the Group being able to generate sufficient future taxable profits against which to offset accumulated losses, we considered: • key inputs to the calculation including revenue and profit assumptions, in line with our work over the carrying value of goodwill and intangible assets; and • the directors' ability to accurately forecast future profits. In understanding and evaluating the directors' technical interpretation of tax law in respect of specific transactions that gave rise to deferred tax assets we considered: • third party tax advice received by the Group; • the status of recent and current tax authority audits and enquiries; • the outturn of previous claims; • judgemental positions taken in tax returns and current year estimates; and • developments in the tax environment, including US tax reform. We consider the valuation of the deferred tax assets and the level of tax provisions to be acceptable in the context of the Group financial statements.
Carrying value of investments in subsidiaries (Parent) Refer to Note 8 to the Company financial statements. Investments in subsidiaries of £3,034 million are accounted for at cost less impairment in the Company balance sheet at 30 September 2018. Investments are tested for impairment if impairment indicators exist. If such indicators exist, the recoverable amounts of the investments in subsidiaries are estimated in order to determine the extent of the impairment loss, if any. Any such impairment loss is recognised in the income statement. During the year, impairments of £320 million were recognised against the Company's investments following the sale of EDR and ZPG plc and resulting dividend distribution from the Group undertakings to the Company.	We evaluated management's assumption whether any indicators of impairment existed by comparing the net assets of the subsidiaries at 30 September 2018 with the Company's investment carrying values. For those investments where the net assets were lower than the carrying values, management prepared a discounted cash flow model. We have tested the value in use methodology and key assumptions, including profit growth rates, terminal value and discount rates management has applied, leveraging our work over the carrying value of goodwill and intangible assets. We performed our own independent sensitivity analysis to understand the impact of changes in management's assumptions. As a result of our work, we considered the £320 million impairment charge to be appropriate and that the remaining carrying values of the investments held by the Company are supportable in the context of the Company financial statements taken as a whole.

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Independent auditor's report to the members of Daily Mail and General Trust plc

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the parent Company, the accounting processes and controls, and the industry in which they operate.

The Group consists of a head office and six trading reporting divisions: Insurance Risk; Consumer Media; Property Information; EdTech; Energy Information; and Events and Exhibitions. As each of these prepares a sub-consolidation, we considered each of these to be separate divisions. We scoped our audit of Consumer Media and Insurance Risk at a divisional level. For Property Information, EdTech, Energy Information, and Events and Exhibitions, we scoped our audit at business level, with divisional consolidation adjustments audited at the Group level.

We identified Consumer Media as requiring an audit of their complete financial information due to its size. In order to obtain sufficient and appropriate audit evidence over the Group as a whole we also instructed our component team to complete a full scope audit of the Insurance Risk.

Within Property Information, we identified two UK businesses, Searchflow Ltd and Landmark Information Group Ltd, for which we performed accelerated statutory audits to align with the Group audit timetable.

Within EdTech, we instructed our component team to perform a full scope audit of Hobsons Inc, a US business.

Within Energy Information, we performed a full scope audit of Genscape Inc, a US business.

Within Events and Exhibitions, we performed full scope audits of DMG World Media Dubai (2006) Ltd and dmg world media (Abu Dhabi) Ltd, as well as performed an accelerated statutory audit of dmg events (UK) Ltd, a UK business, to align with the Group timetable.

For one US business for which statutory audits are not required, Trepp LLC, within Property Information, we conducted specified procedures over higher risk financial statement line items, including revenue and capitalised development spend.

A full scope audit was also performed by our component team for the Euromoney Institutional Investor PLC. Specified procedures were performed over ZPG Plc, which rely on work performed by Deloitte LLP, who are ZPG Plc's auditors, and we centrally performed additional procedures to calculate the Group's share of these results prior to disposal.

Taken together, the components where we performed audit work accounted for 84% of Group revenue and 70% of absolute adjusted profit before taxation.

We sent detailed instructions to all component audit teams, which included communication of the areas of focus above and other required communications. In addition, regular meetings were held with the UK and overseas audit teams.

This, together with additional procedures performed at the Group level (including audit procedures over impairment of goodwill and intangibles, material head office entities, tax, pensions and consolidation adjustments), gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Overall materiality	£7.2 million (2017: £9 million).	£38 million (2017: £9 million).
How we determined it	4% of adjusted profit before tax.	1% of total assets (2017: Overall Group materiality).
Rationale for benchmark applied	The Group is profit oriented. Adjusted profit before taxation is the adjusted performance measure that is reported to investors and shareholders and is the measure which the directors consider best represents the underlying performance of the Group. Due to the inherent judgement in classification of certain items as non-trading, and therefore non-underlying, we have applied a 4% rule of thumb, which is lower than the 5% suggested by ISAs (UK) for the audit of profit-oriented entities.	The parent Company is not profit oriented. Total assets is used as the benchmark as the parent Company's principal activity is to hold investments, creditors, and debtors balances. We have applied a 1% rule of thumb suggested by ISAs (UK) as the parent Company is a public interest entity.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £0.68 million and £5 million.

We agreed with the Audit & Risk Committee that we would report to them misstatements identified during our audit above £0.5 million (Group audit) (2017: £0.5 million) and £1.9 million (parent Company audit) (2017: £0.5 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern
In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the parent Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and parent Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06) and ISAs (UK) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group
As a result of the directors' voluntary reporting on how they have applied the 2016 UK Corporate Governance Code (the Code), we are required to report to you if we have anything material to add or draw attention to regarding:

- The directors' confirmation on pages 32 to 35 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 26 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report in respect of this responsibility.

Other Code Provisions
As a result of the directors' voluntary reporting on how they have applied the Code, we are required to report to you if, in our opinion:

- The statement given by the directors, on page 44, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and parent Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and parent Company obtained in the course of performing our audit.
- The section of the Annual Report on pages 46 to 52 describing the work of the Audit & Risk Committee does not appropriately address matters communicated by us to the Audit & Risk Committee.

We have nothing to report in respect of this responsibility.

Directors' Remuneration
In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Financial Statements

Independent auditor's report to the members of Daily Mail and General Trust plc

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities set out on page 78, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 4 February 2015 to audit the financial statements for the year ended 30 September 2015 and subsequent financial periods. The period of total uninterrupted engagement is 4 years, covering the years ended 30 September 2015 to 30 September 2018.

Other voluntary reporting

Going concern

The directors have requested that we review the statement on page 78 in relation to going concern as if the parent Company were a premium listed company. We have nothing to report having performed our review.

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

The directors have requested that we perform a review of the directors' statements on pages 32 to 35 that they have carried out a robust assessment of the principal risks facing the Group and in relation to the longer-term viability of the Group, as if the parent Company were a premium listed company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge and understanding of the Group and parent Company and their environment obtained in the course of the audit. We have nothing to report having performed this review.

Other Code provisions

The directors have prepared a corporate governance statement and requested that we review it as though the parent Company were a premium listed company. We have nothing to report in respect of the requirement for the auditors of premium listed companies to report when the directors' statement relating to the parent Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Neil Grimes (Senior Statutory Auditor)

for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
London

28 November 2018

Consolidated Income Statement

For the year ended 30 September 2018

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
CONTINUING OPERATIONS			
Revenue	3	**1,426.4**	1,564.3
Adjusted operating profit	3, (i)	**144.9**	179.0
Exceptional operating costs, impairment of internally generated and acquired computer software, property, plant and equipment	3	**(78.9)**	(166.2)
Amortisation and impairment of acquired intangible assets arising on business combinations and impairment of goodwill	3, 21, 22	**(15.8)**	(158.2)
Operating profit/(loss) before share of results of joint ventures and associates	4	**50.2**	(145.4)
Share of results of joint ventures and associates	7	**118.4**	16.9
Total operating profit/(loss)		**168.6**	(128.5)
Other gains and losses	8	**553.0**	14.0
Profit/(loss) before investment revenue, net finance costs and tax		**721.6**	(114.5)
Investment revenue	9	**4.8**	2.5
Finance expense	10	**(40.0)**	(43.8)
Finance income	10	**5.5**	43.5
Net finance costs		**(34.5)**	(0.3)
Profit/(loss) before tax		**691.9**	(112.3)
Tax	11	**(3.7)**	(64.7)
Profit/(loss) after tax from continuing operations		**688.2**	(177.0)
DISCONTINUED OPERATIONS	19		
Profit from discontinued operations		**–**	519.3
PROFIT FOR THE YEAR		**688.2**	342.3
Attributable to:			
Owners of the Company	39	**689.4**	345.3
Non-controlling interests*	40	**(1.2)**	(3.0)
Profit for the year		**688.2**	342.3
Earnings/(loss) per share	14		
From continuing operations			
Basic		**194.7p**	(49.3)p
Diluted		**192.4p**	(48.5)p
From discontinued operations			
Basic		**–**	147.1p
Diluted		**–**	144.8p
From continuing and discontinued operations			
Basic		**194.7p**	97.8p
Diluted		**192.4p**	96.3p
Adjusted earnings per share			
Basic		**42.2p**	55.6p
Diluted		**41.7p**	54.7p
*Continuing operations		**(1.2)**	(6.4)
Discontinued operations		**–**	3.4
		(1.2)	(3.0)

(i) Adjusted operating profit is defined as total operating profit from continuing operations before share of results of joint ventures and associates, exceptional operating costs, impairment of goodwill and intangible assets, amortization of acquired intangible assets arising on business combinations and impairment of property, plant and equipment.

Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2018

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Profit for the year		**688.2**	342.3
Items that will not be reclassified to Consolidated Income Statement			
Actuarial gain on defined benefit pension schemes	39, 40	**183.6**	299.1
Losses on hedges of net investments in foreign operations of non-controlling interests	40	**–**	(5.5)
Foreign exchange differences on translation of foreign operations of non-controlling interests	40	**0.2**	11.4
Tax relating to items that will not be reclassified to Consolidated Income Statement		**(31.2)**	(49.3)
Total items that will not be reclassified to Consolidated Income Statement		**152.6**	255.7
Items that may be reclassified subsequently to Consolidated Income Statement			
(Losses)/gains on hedges of net investments in foreign operations	39	**(2.1)**	4.5
Cash flow hedges:			
Gains/(losses) arising during the year	39, 40	**4.9**	(0.6)
Transfer of (gains)/losses on cash flow hedges from translation reserve to Consolidated Income Statement	39, 40	**(4.9)**	1.1
Share of joint ventures' and associates' items of other comprehensive income/(expense)	7, 39	**14.7**	(9.7)
Translation reserves recycled to Consolidated Income Statement on disposals	18, 39	**(10.4)**	49.4
Foreign exchange differences on translation of foreign operations	39	**(8.9)**	8.7
Total items that may be reclassified subsequently to Consolidated Income Statement		**(6.7)**	53.4
Other comprehensive income for the year		**145.9**	309.1
Total comprehensive income for the year		**834.1**	651.4
Attributable to:			
Owners of the Company		**835.1**	645.7
Non-controlling interests		**(1.0)**	5.7
		834.1	651.4
Continuing operations		**834.1**	51.7
Discontinued operations		**–**	599.7
		834.1	651.4
Total comprehensive income/(expense) for the year from continuing operations attributable to:			
Owners of the Company		**835.1**	54.2
Non-controlling interests		**(1.0)**	(2.5)
		834.1	51.7

Consolidated Statement of Changes in Equity

For the year ended 30 September 2018

	Note	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares £m	Translation reserve £m	Retained earnings £m	Equity attributable to owners of the Company £m	Non-controlling interests £m	Total equity £m
At 30 September 2016		**45.3**	**17.8**	**5.0**	**(88.7)**	**11.9**	**359.8**	**351.1**	**178.2**	**529.3**
Profit/(loss) for the year	39, 40	–	–	–	–	–	345.3	345.3	(3.0)	342.3
Other comprehensive income for the year	39, 40	–	–	–	–	63.0	237.4	300.4	8.7	309.1
Total comprehensive income for the year		–	–	–	–	63.0	582.7	645.7	5.7	651.4
Issue of share capital	40	–	–	–	–	–	–	–	0.5	0.5
Dividends	39	–	–	–	–	–	(78.3)	(78.3)	–	(78.3)
Own shares acquired in the year	38, 39	–	–	–	(28.6)	–	–	(28.6)	–	(28.6)
Disposal of Euromoney treasury shares held by Euromoney	38, 39	–	–	–	14.1	–	–	14.1	–	14.1
Own shares transferred on exercise of share options	39	–	–	–	38.9	–	–	38.9	–	38.9
Changes in non-controlling interests following disposal of Euromoney	39	–	–	–	–	–	–	–	(171.1)	(171.1)
Other transactions with non-controlling interests	40	–	–	–	–	–	–	–	(0.1)	(0.1)
Adjustment to equity following increased stake in controlled entity	39	–	–	–	–	–	0.4	0.4	(2.6)	(2.2)
Adjustment to equity following decreased stake in controlled entity	39	–	–	–	–	–	(0.3)	(0.3)	0.3	–
Credit to equity for share-based payments	39	–	–	–	–	–	4.0	4.0	0.1	4.1
Settlement of exercised share options of subsidiaries	39	–	–	–	–	–	(38.4)	(38.4)	–	(38.4)
Deferred tax on other items recognised in equity	37, 39, 40	–	–	–	–	–	(0.4)	(0.4)	–	(0.4)
At 30 September 2017		**45.3**	**17.8**	**5.0**	**(64.3)**	**74.9**	**829.5**	**908.2**	**11.0**	**919.2**
Profit/(loss) for the year	39, 40	–	–	–	–	–	689.4	689.4	(1.2)	688.2
Other comprehensive income/(expense) for the year	39, 40	–	–	–	–	(21.4)	167.1	145.7	0.2	145.9
Total comprehensive income/(expense) for the year		–	–	–	–	(21.4)	856.5	835.1	(1.0)	834.1
Dividends	12, 39	–	–	–	–	–	(81.0)	(81.0)	(0.2)	(81.2)
Own shares acquired in the year	38, 39	–	–	–	(14.3)	–	–	(14.3)	–	(14.3)
Own shares transferred on exercise of share options	39	–	–	–	21.4	–	–	21.4	–	21.4
Changes in non-controlling interests following disposal and closure of businesses	40	–	–	–	–	–	–	–	3.7	3.7
Credit to equity for share-based payments	39	–	–	–	–	–	10.8	10.8	–	10.8
Settlement of exercised share options of subsidiaries	39	–	–	–	–	–	(13.8)	(13.8)	–	(13.8)
Corporation tax on share-based payments		–	–	–	–	–	2.3	2.3	–	2.3
Deferred tax on other items recognised in equity	37, 39, 40	–	–	–	–	–	(6.8)	(6.8)	–	(6.8)
At 30 September 2018		**45.3**	**17.8**	**5.0**	**(57.2)**	**53.5**	**1,597.5**	**1,661.9**	**13.5**	**1,675.4**

Financial Statements

Consolidated Statement of Financial Position

At 30 September 2018

	Note	At 30 September 2018 £m	At 30 September 2017 £m
ASSETS			
Non-current assets			
Goodwill	21	**333.2**	363.1
Other intangible assets	22	**131.2**	213.0
Property, plant and equipment	23	**99.7**	103.3
Investments in joint ventures	24	**1.0**	0.2
Investments in associates	24	**769.5**	735.2
Available-for-sale investments	25	**20.4**	30.6
Trade and other receivables	27	**27.3**	20.5
Other financial assets	28	**18.4**	15.5
Derivative financial assets	34	**9.0**	4.6
Retirement benefit assets	35	**249.1**	73.4
Deferred tax assets	37	**49.5**	75.9
		1,708.3	1,635.3
Current assets			
Inventories	26	**31.5**	26.6
Trade and other receivables	27	**264.3**	236.8
Current tax receivable	31	**5.4**	9.6
Other financial assets	28	**245.3**	14.5
Derivative financial assets	34	**0.7**	3.0
Cash and cash equivalents	29	**437.8**	14.6
Total assets of businesses held for sale	20	**–**	107.8
		985.0	412.9
Total assets		**2,693.3**	2,048.2
LIABILITIES			
Current liabilities			
Trade and other payables	30	**(492.9)**	(502.7)
Current tax payable	31	**(6.1)**	(1.7)
Acquisition put option commitments	32	**(0.6)**	(0.6)
Borrowings	33	**(222.3)**	(9.4)
Derivative financial liabilities	34	**(6.6)**	(0.4)
Provisions	36	**(38.8)**	(43.6)
Total liabilities of businesses held for sale	20	**–**	(29.0)
		(767.3)	(587.4)
Non-current liabilities			
Trade and other payables	30	**(2.0)**	(2.9)
Acquisition put option commitments	32	**(7.6)**	(7.4)
Borrowings	33	**(205.7)**	(470.3)
Derivative financial liabilities	34	**(13.5)**	(18.8)
Retirement benefit obligations	35	**(5.6)**	(11.0)
Provisions	36	**(10.0)**	(19.1)
Deferred tax liabilities	37	**(6.2)**	(12.1)
		(250.6)	(541.6)
Total liabilities		**(1,017.9)**	(1,129.0)
Net assets		**1,675.4**	919.2

At 30 September 2018

	Note	At 30 September 2018 £m	At 30 September 2017 £m
SHAREHOLDERS' EQUITY			
Called-up share capital	38	**45.3**	45.3
Share premium account	39	**17.8**	17.8
Share capital		**63.1**	63.1
Capital redemption reserve	39	**5.0**	5.0
Own shares	39	**(57.2)**	(64.3)
Translation reserve	39	**53.5**	74.9
Retained earnings	39	**1,597.5**	829.5
Equity attributable to owners of the Company		**1,661.9**	908.2
Non-controlling interests	40	**13.5**	11.0
		1,675.4	919.2

The financial statements of DMGT plc (Company number 184594) on pages 89 to 184 were approved by the Directors and authorised for issue on 29 November 2018. They were signed on their behalf by

The Viscount Rothermere
P A Zwillenberg
Directors

Financial Statements

Consolidated Cash Flow Statement

For the year ended 30 September 2018

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Cash generated by operations	15	**137.3**	232.7
Taxation paid		**(27.1)**	(18.1)
Taxation received		**4.8**	4.9
Net cash generated by operating activities		**115.0**	219.5
Investing activities			
Interest received		**0.9**	2.4
Dividends received from joint ventures and associates	24	**23.1**	35.9
Dividends received from available-for-sale investments	9	**0.1**	0.1
Purchase of property, plant and equipment	23	**(30.4)**	(21.1)
Expenditure on internally generated intangible fixed assets	22	**(19.5)**	(57.7)
Expenditure on other intangible assets	22	**(0.2)**	(0.2)
Purchase of available-for-sale investments	25	**(19.3)**	(19.4)
Proceeds on disposal of property and plant and equipment		**0.1**	0.7
Proceeds on disposal of available-for-sale investments		**1.0**	–
Purchase of subsidiaries	17	**(19.1)**	(26.7)
Settlements and collateral payments on treasury derivatives		**7.7**	2.8
Investment in joint ventures and associates	24	**(1.8)**	(2.3)
Loans advanced to joint ventures and associates		**(8.4)**	(2.7)
Loans to joint ventures and associates repaid		**0.2**	8.6
Proceeds on disposal of subsidiaries	18	**146.3**	215.8
Proceeds on disposal of joint ventures and associates	8, 24	**637.9**	2.4
Purchase of other financial assets	28	**(237.3)**	–
Net cash generated by investing activities		**481.3**	138.6
Financing activities			
Purchase of additional interests in controlled entities	17	**–**	(2.1)
Equity dividends paid	12, 39	**(81.0)**	(78.3)
Dividends paid to non-controlling interests	40	**(0.2)**	–
Issue of shares by Group companies to non-controlling interests	40	**–**	0.5
Purchase of own shares	39	**(14.3)**	(28.6)
Net receipt on settlement of subsidiary share options		**7.6**	0.5
Interest paid		**(37.7)**	(34.7)
Loan notes repaid	16	**(0.1)**	(0.6)
Repayments of obligations under finance lease agreements	16	**–**	(0.7)
Inception of finance leases	16	**–**	0.5
Decrease in bank borrowings	16	**(43.7)**	(224.9)
Net cash used in financing activities		**(169.4)**	(368.4)
Net increase/(decrease) in cash and cash equivalents	16	**426.9**	(10.3)
Cash and cash equivalents at beginning of year	29	**7.4**	17.5
Exchange gain on cash and cash equivalents	16	**1.6**	0.2
Net cash and cash equivalents at end of year	29	**435.9**	7.4

Notes to the accounts

1 Basis of preparation

DMGT plc is a company incorporated and domiciled in the United Kingdom. The address of the registered office is Northcliffe House, 2 Derry Street, London, W8 5TT.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and related IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

These financial statements have been prepared for the year ended 30 September 2018.

Other than the Daily Mail, The Mail on Sunday and Metro businesses, the Group prepares accounts for a year ending on 30 September. The Daily Mail, The Mail on Sunday and Metro businesses prepare financial statements for a 52 or 53 week financial period ending on a Sunday near to the end of September and do not prepare additional financial statements corresponding to the Group's financial year for consolidation purposes as it would be impracticable to do so. The Group considers whether there have been any significant transactions or events between the end of the financial year of these businesses and the end of the Group's financial year and makes any material adjustments as appropriate.

The significant accounting policies used in preparing this information are set out in Note 2.

The Group's financial statements incorporate the financial statements of the Company and all of its subsidiaries together with the Group's share of all of its interests in joint ventures and associates. The financial statements have been prepared on the historical cost basis, except for derivative financial instruments, hedged items, contingent consideration, put options and the pension scheme surplus/(deficit) all of which are measured at fair value.

The Group presents the results from discontinued operations separately from those of continuing operations. An operation is classed as discontinued if it has been, or is in the process of being disposed and represents either a separate major line of business or a geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or exit a major geographical area of operations.

Prior period amounts have been re-presented to conform to the current period's presentation, as prescribed by IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

All amounts presented have been rounded to the nearest £0.1 million.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Financial Review, and the Strategic Report.

As highlighted in Note 33 and 34 to the financial statements, the Company has long-term financing in the form of bonds and meets its day-to-day working capital requirements through bank facilities which expire in March 2023. The Board's forecasts and projections, after taking account of reasonably possible changes in trading performance, show that the Group is expected to operate within the terms of its current facilities. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

2 Significant accounting policies

Annual improvements to International Financial Reporting Standards (IFRSs)

The following new and amended IFRSs have been adopted during the year:

- Amendments to IAS 7, Statement of Cash Flows (effective 1 January 2017),
- Amendment to IAS 12, Recognition of Deferred Tax assets for Unrealised Losses (effective 1 January 2017) and
- Amendments to IFRS 12, Disclosure of Interests in Other Entities (effective 1 January 2017)

The above amendments have not had any significant impact on the Group's Consolidated Financial Statements.

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for the Group's accounting periods beginning on or after 1 October 2018. These new pronouncements are listed below:

- Amendments to IAS 28, Investments in Associates and Joint Ventures (effective 1 January 2018)
- Amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards (effective 1 January 2018)
- IFRS 9, Financial Instruments (effective 1 January 2018)
- IFRS 15, Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 16, Leases (effective 1 January 2019)
- Amendment to IFRS 2 Share Based Payments – benefits (effective 1 January 2019 but not yet endorsed by the EU)
- IFRIC 22, Foreign Currency Transactions and advance consideration (effective 1 January 2019 but not yet endorsed by the EU)
- IFRIC 23, Uncertainty over Income Tax Treatments (effective 1 January 2019 but not yet endorsed by the EU)

Other than IFRS 16, the adoption of standards, amendments and interpretations which have been issued but are not yet effective is not expected to have a material impact on the Group's Consolidated Financial Statements.

Financial Statements

Notes to the accounts

2 Significant accounting policies continued

IFRS 9, effective for the 2019 fiscal year, replaces IAS 39, Financial Instruments: Recognition and Measurement.

The new standard introduces changes to three key areas – the classification and measurement of financial instruments; a new impairment model based on expected credit losses (ECL) and a simplified hedge accounting process through closer alignment with risk management methodology. We have considered the implications of these changes and our findings are as follows:

- Since the Group's available for sale investments are not held for trading, only qualifying dividends will be recognised in the income statement, with changes in fair value recognised in other comprehensive income. We have reviewed the values of our available for sale unlisted investments currently held at cost less provision for impairment and other financial assets and have concluded that the application of IFRS 9 is not expected to have a material impact on the value of these investments.
- The Group will recognise a loss allowance from the point of initial recognition for all financial assets based on ECL. This will result in the earlier recognition of bad debt provisions. We have reviewed the impact of this change and do not expect the impact of the ECL model to have a material impact on the carrying values of our financial assets.
- Since IFRS 9 is more closely aligned with our risk management activities, we do not expect any change to the effectiveness of our hedge derivatives. We do expect a change to the designation and hedge accounting treatment of our cross currency interest rate swaps. Accordingly, following our review of IFRS 9, we have decided to exclude currency basis from hedge designation retrospectively. This will result in an opening adjustment to reserves on transition representing a re-classification from translation reserves to retained earnings. The estimated impact on opening retained earnings at 1 October 2018 is not expected to be material.

The Group expects to adopt IFRS 9 on a modified retrospective basis such that the Group will recognise the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings i.e. as at 1 October 2018 with no restatement of prior periods. Following adoption of the standard the Group does not expect any significant adjustment required on the measurement, presentation or disclosure of financial assets and liabilities in the Group's Consolidated Financial Statements.

IFRS 15, is effective for the 2019 fiscal year. The standard introduces additional guidance surrounding performance obligations within sales contracts and the timing of revenue recognition. The standard introduces a five-step model that will require judgement in their application. These steps are as follows:

- Identify the contract(s) with a customer
- Identify the separate performance obligations in the contract
- Determine the contract price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when each performance obligation has been satisfied

The adoption of the new standard is not expected to have a material impact on the Group's reported revenues nor will the standard change the cashflows associated with our revenue streams.

A small number of revenue contracts have been identified across the Group's operating segments which have been impacted by the new standard, leading to a difference in the timing of revenue recognition. The majority of this change is due to revenues being recorded over a period of time rather than a point in time.

In addition to changes in the timing of revenue recognition, IFRS 15 also introduces changes to the recognition of incremental costs incurred when obtaining a contract with a customer known as contract acquisition costs. These include sales commissions paid to employees. The standard requires such costs to be recognised as an asset, when the Group expects to recover them, and charged to the Consolidated Income Statement on a systematic basis – rather than being expensed immediately.

Judgement is required to determine this period and whether this is the contract term or a longer period such as the estimated customer life for contracts which are expected to renew. Such deferred costs are de-recognised and charged immediately to the Consolidated Income Statement when no future economic benefits are expected.

The preliminary results of our assessment of the impact of IFRS 15 on the Consolidated Income Statement for the year ended 30 September 2018 is set out in the table below:

Segment	Increase/ (decrease) in Revenue £m	Increase/ (decrease) in Operating profit £m
Insurance Risk	**(0.4)**	**(1.8)**
Property Information	**0.1**	**–**
EdTech	**(0.4)**	**(0.4)**
Energy Information	**–**	**0.3**
Total	**(0.7)**	**(1.9)**

The preliminary results of our assessment of the corresponding impact on receivables and payables as at 30 September 2018 is set out in the table below:

	£m	
Prepayments	3.4	Increased prepayments
Deferred Revenue	(6.6)	Increased deferred revenue and accruals

The Group will adopt IFRS 15 on a modified retrospective basis such that the Group will recognise the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings i.e. as at 1 October 2018 with no restatement of prior periods.

An adjustment to brought forward retained earnings of £3.2 million will be recognised in the Statement of Changes in Equity. This represents the reversal of certain revenues which met the criteria for recognition under previously applicable accounting standards but does not do so under IFRS 15 together with contract acquisition costs which were expensed immediately under previously applicable accounting standards which are now deferred and recognised on a systematic basis under IFRS 15.

IFRS 16, effective for the 2020 fiscal year, eliminates the distinction between operating and finance leases for lessees. The standard requires lessees to recognise right of use assets and corresponding liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. The new standard replaces the operating lease expense with a depreciation charge on the underlying asset and an interest expense on the liability.

Lessors will continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting largely unchanged from its predecessor, IAS 17. The Group expects to adopt IFRS 16 on a modified retrospective basis such that the Group will recognise the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings i.e. as at 1 October 2019 with no restatement of prior periods.

The Group is in the process of quantifying the impact of this standard although based on the undiscounted operating lease commitments in Note 41, there will be a large increase in total assets – largely in the land and buildings category, together with an increase in financial liabilities as liabilities relating to current operating leases are recognised.

Since existing operating lease charges will be replaced with a depreciation and finance charge, EBITDA will increase. These changes will also have an impact on the Group's tax charge. The standard will also require the Group to make key accounting judgements in particular around lease renewal assumptions and discount rates.

Since the financial impact is dependent on circumstances at the date of transition, it is not yet practicable to determine a reliable estimate of the financial impact on the Group.

Financial Statements

Notes to the accounts

2 Significant accounting policies continued

Business combinations

The acquisition of subsidiaries and businesses is accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the Consolidated Income Statement as incurred.

Where the consideration for an acquisition includes any asset or liability resulting from a contingent arrangement, this is measured at its discounted fair value on the date of acquisition. Subsequent changes in fair values are adjusted through the Consolidated Income Statement in Financing. Changes in the fair value of contingent consideration classified as equity is not recognised.

Put options granted to non-controlling interests are recorded at present value as a reduction in equity on initial recognition, since the arrangement represents a transaction with equity holders. Changes in present value after initial recognition are recorded in the Consolidated Income Statement in Financing.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the date of the acquisition that, if known, would have affected the amounts recognised as at that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date and is a maximum of one year.

Business combinations achieved in stages

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the date the Group attains control and the resulting gain or loss is recognised in the Consolidated Income Statement. Amounts arising from interests in the acquiree prior to the acquisition date that were recognised in other comprehensive income are reclassified to the Consolidated Income Statement where such treatment would be appropriate if the interest were disposed of.

Purchases and sales of shares in a controlled entity

Where the Group's interest in a controlled entity increases, the non-controlling interests' share of net assets, excluding any allocation of goodwill, is transferred to retained earnings. Any difference between the cost of the additional interest and the existing carrying value of the non-controlling interests' share of net assets is recorded in retained earnings.

Where the Group's interest in a controlled entity decreases, but the Group retains control, the share of net assets disposed, excluding any allocation of goodwill, is transferred to the non-controlling interests. Any difference between the proceeds of the disposal and the existing carrying value of the net assets or liabilities transferred to the non-controlling interests is recorded in retained earnings.

Disposal of controlling interests where non-controlling interest retained

Where the Group disposes of a controlling interest but retains a non-controlling interest in the business, the Group accounts for the disposal of a subsidiary and the subsequent acquisition of a joint venture, associate or available-for-sale investment at fair value on initial recognition. On disposal of a subsidiary all amounts deferred in equity are recycled to the Consolidated Income Statement.

Contingent consideration receivable

Where the consideration for a disposal includes consideration resulting from a contingent arrangement, the contingent consideration receivable is discounted to its fair value, with any subsequent movement in fair value being recorded in the Consolidated Income Statement in Financing.

Discontinued operations

The Group presents the results from discontinued operations separately from those of continuing operations. An operation is classed as discontinued if it has been, or is in the process of being disposed and represents either a separate major line of business or a geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or exit a major geographical area of operations.

Assets and liabilities of businesses held for sale

An asset or disposal group is classified as held-for-sale if its carrying amount is intended to be recovered principally through sale rather than continuing use, is available for immediate sale and it is highly probable that the sale will be completed within 12 months of classification as held for sale. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment is recognised in the Consolidated Income Statement and is first allocated to the goodwill associated with the disposal group and then to the remaining assets and liabilities on a pro rata basis. No further depreciation or amortisation is charged on non-current assets classified as held for sale from the date of classification.

Accounting for subsidiaries

A subsidiary is an entity controlled by the Group. Control is achieved where the Group has power over an investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the returns.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Income Statement from the effective date control is obtained or up to the date control is relinquished, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein, either at fair value or at the non-controlling interest's share of the net assets of the subsidiary, on a case-by-case basis. The total comprehensive income of a subsidiary is apportioned between the Group and the non-controlling interest, even if it results in a deficit balance for the non-controlling interest.

Interests in joint ventures and associates

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is, when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The post-tax results of joint ventures and associates are incorporated in the Group's results using the equity method of accounting. Under the equity method, investments in joint ventures and associates are carried in the Consolidated Statement of Financial Position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture and associate, less any impairment in the value of investment. Losses of joint ventures and associates in excess of the of the Group's interest in that joint venture or associate are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture or associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

Foreign currencies

For the purpose of presenting consolidated financial statements, the assets and liabilities of entities with a functional currency other than sterling are translated into sterling using exchange rates prevailing on the period end date.

Income and expense items and cash flows are translated at the average exchange rates for the period and exchange differences arising are recognised directly in equity. On disposal of a foreign operation, the cumulative amount recognised in equity relating to that operation is recognised in the Consolidated Income Statement as part of the gain or loss on sale.

The Group records foreign exchange differences arising on retranslation of foreign operations within the translation reserve in equity.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the exchange rate prevailing on the date of the transaction. At each period end date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the period end date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate prevailing on the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the Consolidated Income Statement for the period.

Goodwill, intangible assets and fair value adjustments arising on the acquisition of foreign operations after transition to IFRS are treated as part of the assets and liabilities of the foreign operation and are translated at the closing rate. Goodwill which arose pre-transition to IFRS is not translated.

In respect of all foreign operations, any cumulative exchange differences that have arisen before 4 October 2004, the date of transition to IFRS, were reset to £nil and will be excluded from the determination of any subsequent profit or loss on disposal.

Financial Statements

Notes to the accounts

2 Significant accounting policies continued

Goodwill and intangible assets

Goodwill and intangible assets acquired arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Negative goodwill arising on an acquisition is recognised directly in the Consolidated Income Statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rates on the period end date. On disposal of a subsidiary, associate or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the Consolidated Income Statement on disposal.

Impairment of goodwill

The Group tests goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired.

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units (CGUs). If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit, prorated on the basis of the carrying amount of each asset in the unit, but subject to not reducing any asset below its recoverable amount.

When testing for impairment, the recoverable amounts for all of the Group's CGUs are measured at the higher of value in use or fair value less costs to sell. Value in use is calculated by discounting future expected cash flows. These calculations use cash flow projections based on Board-approved budgets and projections which reflect management's current experience and future expectations of the markets in which the CGU operates. Risk adjusted pre-tax discount rates used by the Group in its impairment tests range from 13.25% to 15.28% (2017 11.45% to 19.20%) the choice of rates depending on the risks specific to that CGU. The Directors' estimate of the Group's post tax weighted average cost of capital is 8.5% (2017 8.0%). The cash flow projections consist of Board-approved budgets for the following year, together with forecasts for up to two additional years and nominal long-term growth rates beyond these periods. The 3.0% nominal long-term growth rate (2017 between 1.5% and 3.0%) used varies with management's view of the CGU's market position, maturity of the relevant market and does not exceed the long-term average growth rate for the market in which the CGU operates.

An impairment loss recognised for goodwill is charged immediately in the Consolidated Income Statement and is not subsequently reversed.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Group's development activity, including software for internal use, is recognised only if the asset can be separately identified, it is probable the asset will generate future economic benefits, the development cost can be measured reliably, the project is technically feasible and the project will be completed with a view to sell or use the asset. Additionally, guidance in Standing Interpretations Committee (SIC) 32 has been applied in accounting for internally developed website development costs.

Internally generated intangible assets are amortised on a straight-line basis over their estimated useful lives, when the asset is available for use, and are reported net of impairment losses. Where no internally generated intangible asset can be recognised, such development expenditure is charged to the Consolidated Income Statement in the period in which it is incurred.

Licences

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives, being three to five years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that are expected to generate economic benefits exceeding costs and directly attributable overheads, are capitalised as intangible assets.

Computer software which is integral to a related item of hardware equipment is accounted for as property, plant and equipment. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Other intangible assets

Other intangible assets with finite lives are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to Operating Profit in the Consolidated Income Statement on a reducing balance or straight-line basis over the estimated useful lives of the intangible assets from the date they become available for use. The estimated useful lives are as follows:

Publishing rights, mastheads and titles	5 – 30 years
Brands	3 – 20 years
Market and customer-related databases and customer relationships	3 – 20 years
Computer software	2 – 5 years

Amortisation of intangible assets not arising on business combinations are included within Adjusted Operating Profit in the Consolidated Income Statement.

The Group has no intangible assets with indefinite lives.

Impairment of intangible assets

At each period end date, reviews are carried out of the carrying amounts of intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of value in use and fair value less costs to sell, of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, value in use estimates are made based on the cash flows of the CGU to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its net carrying amount, the net carrying amount of the asset or CGU is reduced to its recoverable amount. Impairment losses are recognised immediately in the Consolidated Income Statement.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods, for an asset other than goodwill, may no longer exist or may have decreased. If any such indication exists, the Group estimates the recoverable amount of that asset. In assessing whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased, the Group considers, as a minimum, the following indications:

(i) whether the asset's market value has increased significantly during the period;

(ii) whether any significant changes with a favourable effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which the asset is dedicated; and

(iii) whether market interest rates or other market rates of return on investments have decreased during the period, and those decreases are likely to affect the discount rate used in calculating the asset's value in use and increase the asset's recoverable amount materially.

Property, plant and equipment

Land and buildings held for use are stated in the Consolidated Statement of Financial Position at their cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use. Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement.

Depreciation is charged so as to write off the cost of assets, other than property, plant and equipment under construction using the straight-line method, over their estimated useful lives as follows:

Freehold buildings and long leasehold properties	50 years
Short leasehold premises	the term of the lease
Plant and equipment	3 – 25 years
Depreciation is not provided on freehold land	

Inventory

Inventory is stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. The Group uses the Average Cost method in the Consumer Media segment for newsprint and the First In First Out method for all other inventories.

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2 Significant accounting policies continued

Exhibitions, training and event costs

Directly attributable costs relating to future exhibitions, training and events are deferred within work in progress and measured at the lower of cost and net realisable value. These costs are charged to the Consolidated Income Statement when the exhibition, training or event takes place.

Pre-publication costs

Pre-publication costs represent direct costs incurred in the development of titles prior to their publication. These costs are recognised as work in progress on the Consolidated Statement of Financial Position to the extent that future economic benefit is virtually certain and can be measured reliably. These are recognised in the Consolidated Income Statement on publication.

Marketing costs

All marketing and promotional costs are charged to the Consolidated Income Statement in the period in which they are incurred. Direct event costs are charged to the Consolidated Income Statement within Direct Event Costs.

Cash and cash equivalents

Cash and cash equivalents shown in the Consolidated Statement of Financial Position includes cash, short-term deposits and other short-term highly liquid investments with an original maturity of three months or less. For the purpose of the Consolidated Cash Flow Statement, cash and cash equivalents are as defined above, net of bank overdrafts.

Revenue

Revenue is stated at the fair value of consideration, net of value added tax, trade discounts and commission where applicable and is recognised using methods appropriate for the Group's businesses.

Where revenue contracts have multiple elements (such as software licences, data subscriptions and support), all aspects of the transaction are considered to determine whether these elements can be separately identified. Where transaction elements can be separately identified and revenue can be allocated between them on a fair and reliable basis, revenue for each element is accounted for according to the relevant policy below. Where transaction elements cannot be separately identified, revenue is recognised over the contract period.

The consumer media segment enters into agreements with advertising agencies and certain clients, which are subject to a minimum spend and typically include a commitment to deliver rebates to the agency or client based on the level of agency spend over the contract period.

The principal revenue recognition policies, as applied by the Group's major businesses, are as follows:

- subscriptions revenue, including revenue from information services, is recognised over the period of the subscription or contract;
- publishing and circulation revenue is recognised on issue of the publication or report;
- advertising revenue is recognised on issue of the publication or over the period of the online campaign;
- contract print revenue is recognised on completion of the print contract;
- exhibitions, training and events revenues are recognised over the period of the event;
- software revenue is recognised on delivery of the software or the technology or over a period of time where the transaction is a licence (the licence term). If support is unable to be separately identified from hosting and revenue is unable to be allocated on a fair and reliable basis, support revenue is recognised over the licence term. Commissions paid to acquire software and services contracts are capitalised in prepayments and recognised over the term of the contract;
- support revenue associated with software licences and subscriptions is recognised over the term of the support contract; and
- long-term contract revenue is recognised using the percentage of completion method according to the percentage of work completed at the period end date.

Adjusted measures

The Group presents adjusted operating profit and adjusted profit before tax by making adjustments for costs and profits which management believe to be significant by virtue of their size, nature or incidence or which have a distortive effect on current year earnings.

Such items would include, but are not limited to, costs associated with business combinations, gains and losses on the disposal of businesses, finance costs relating to premia on bond buy backs, fair value movements, exceptional operating costs, impairment of goodwill and amortisation and impairment of intangible assets arising on business combinations.

The board and management team believe these adjusted results, used in conjunction with statutory IFRS results, give a greater insight into the financial performance of the Group and the way it is managed. Similarly, adjusted results are used in setting management remuneration.

A description of each adjustment is set out in the Financial Review, together with a reconciliation of operating profit to adjusted operating profit.

See Note 13 for a reconciliation of profit before tax to adjusted profit before and after tax. See the Financial Review section in the Strategic Report for a reconciliation of operating profit to adjusted profit.

The Group also presents a measure of net debt, see Note 16.

Other gains and losses

Other gains and losses comprise profit or loss on sale of trading investments, profit or loss on sale of property, plant and equipment, impairment of available-for-sale assets, profit or loss on sale of businesses and profit or loss on sale of joint ventures and associates.

EBITDA

The Group discloses EBITDA, being adjusted operating profit before depreciation of property, plant and equipment. EBITDA is broadly used by analysts, rating agencies, investors and the Group's banks as part of their assessment of the Group's performance. A reconciliation of EBITDA from operating profit is shown in Note 15 and the ratio of net debt to EBITDA is disclosed in Note 34.

Leasing

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

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as determined at the inception of the lease. The corresponding liability to the lessor is included in the Consolidated Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Consolidated Income Statement.

Rentals payable under operating leases are charged to the Consolidated Income Statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Dividends

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Dividends are recognised as a distribution in the period in which they are approved by the shareholders. Interim dividends are recorded in the period in which they are paid.

Borrowing costs

Unless capitalised under IAS 23, Borrowing Costs, all borrowing costs are recognised in the Consolidated Income Statement in the period in which they are incurred. Finance charges, including premiums paid on settlement or redemption and direct issue costs and discounts related to borrowings, are accounted for on an accruals basis and charged to the Consolidated Income Statement using the effective interest method.

Retirement benefits

Pension scheme assets are measured at market value at the period end date. Scheme liabilities are measured using the projected unit credit method and discounted at a rate reflecting current yields on high-quality corporate bonds having regard to the duration of the liability profiles of the schemes.

For defined benefit retirement plans, the difference between the fair value of the plan assets and the present value of the plan liabilities is recognised as an asset or liability on the Consolidated Statement of Financial Position. Actuarial gains and losses arising in the year are taken to the Consolidated Statement of Comprehensive Income. For this purpose, actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising because of differences between the previous actuarial assumptions and what has actually occurred. For defined benefit schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out triennially. In accordance with the advice of independent qualified actuaries in assessing whether to recognise a surplus, the Group has regard to the principles set out in IFRIC 14.

Other movements in the net surplus or deficit are recognised in the Consolidated Income Statement, including the current service cost, any past service cost and the effect of any curtailment or settlements. The net finance income/(charge) is also charged to the Consolidated Income Statement within net finance costs.

The Group's contributions to defined contribution pension plans are charged to the Consolidated Income Statement as they fall due.

Taxation

Income tax expense represents the sum of current tax and deferred tax for the year.

The current tax payable or recoverable is based on the taxable profit for the year. Taxable profit differs from profit as reported in the Consolidated Income Statement because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Group's liability for current tax is calculated using the UK and foreign tax rates that have been enacted or substantively enacted by the period end date.

Current tax assets and liabilities are set off and stated net in the Consolidated Statement of Financial Position when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they either relate to income taxes levied by the same taxation authority or on the same taxable entity or on different taxable entities which intend to settle the current tax assets and liabilities on a net basis.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition other than in a business combination of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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2 Significant accounting policies continued

Taxation continued

Deferred tax liabilities are recognised for taxable temporary differences arising in investments in subsidiaries, joint ventures and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Goodwill arising on business combinations also includes amounts corresponding to deferred tax liabilities recognised in respect of acquired intangible assets. A deferred tax liability is recognised to the extent that the fair value of the assets for accounting purposes exceeds the value of those assets for tax purposes and will form part of the associated goodwill on acquisition.

The carrying amount of deferred tax assets is reviewed at each period end date, and is reduced or increased as appropriate 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, or it becomes probable that sufficient taxable profits will be available.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the period end date, and is not discounted.

Deferred tax assets and liabilities are set off when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

Tax is charged or credited to the Consolidated Income Statement, except when it relates to items charged or credited directly to equity, in which case the tax is also recognised directly in equity.

Actual tax liabilities or refunds may differ from those anticipated due to changes in tax legislation, differing interpretations of tax legislation and uncertainties surrounding the application of tax legislation. In situations where uncertainties exist, provision is made for contingent tax liabilities and assets when it is more likely than not that there will be a cash impact. These provisions are made for each uncertainty individually on the basis of management judgement following consideration of the available relevant information. The measurement basis adopted represents the best predictor of the resolution of the uncertainty which is usually based on the most likely cash outflow. The Company reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances.

Financial instruments

Financial assets and financial liabilities are recognised on the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position when there is a legally enforceable right to settle on a net basis, or realise the asset and liability simultaneously and where the Group intends to net settle.

Financial assets

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Available-for-sale investments

Investments and financial assets are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are measured at fair value, including transaction costs.

Investments are classified as either fair value through profit or loss or available-for-sale. Where investments are held-for-trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the investments is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

The fair value of listed investments is determined based on quoted market prices. Unlisted investments are recorded at cost less provision for impairment, as since there is no active market upon which they are traded, their fair values cannot be reliably measured. The recoverable amount is determined by discounting future cash flows to present value using market interest rates.

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Financial liabilities and equity instruments

Trade payables

Trade payables are non-interest bearing and are stated at their nominal value.

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below:

Capital market and bank borrowings

Interest bearing loans and overdrafts are initially measured at fair value (which is equal to net proceeds at inception), and are subsequently measured at amortised cost, using the effective interest rate method. A portion of the Group's bonds are subject to fair value hedge accounting as explained below and this portion is adjusted for the movement in the hedged risk to the extent hedge effectiveness is achieved. Any difference between the proceeds, net of transaction costs and the settlement or redemption of borrowings is recognised over the term of the borrowing.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of transaction costs.

Derecognition

The Group derecognises a financial asset, or a portion of a financial asset, from the Consolidated Statement of Financial Position where the contractual rights to cash flows from the asset have expired, or have been transferred, usually by sale, and with them either substantially all the risks and rewards of the asset or significant risks and rewards, along with the unconditional ability to sell or pledge the asset.

Financial liabilities are derecognised when the liability has been settled, has expired or has been extinguished.

Derivative financial instruments and hedge accounting

Derivative financial instruments are used to manage exposure to market risks. The principal derivative instruments used by the Group are foreign currency swaps, interest rate swaps, foreign exchange forward contracts and options. The Group does not hold or issue derivative financial instruments for trading or speculative purposes.

Changes in the fair value of derivative instruments which do not qualify for hedge accounting are recognised immediately in the Consolidated Income Statement.

Where the derivative instruments do qualify for hedge accounting, the following treatments are applied:

Fair value hedges

Changes in the fair value of the hedging instrument are recognised in the Consolidated Income Statement for the year together with the changes in the fair value of the hedged item due to the hedged risk, to the extent the hedge is effective. When the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting, hedge accounting is discontinued.

Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the Consolidated Income Statement.

If a hedged firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, then, at the time that the asset or liability is recognised, the associated gains and losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability.

For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the Consolidated Income Statement in the same period in which the hedged item affects the Consolidated Income Statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, revoked, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in equity is included in the Consolidated Income Statement for the period.

Net investment hedges

Exchange differences arising from the translation of the net investment in foreign operations are recognised directly in equity in the translation reserve. Gains and losses arising from changes in the fair value of the hedging instruments are recognised in equity to the extent that the hedging relationship is effective. Any ineffectiveness is recognised immediately in the Consolidated Income Statement for the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Gains and losses accumulated in the translation reserve are included in the Consolidated Income Statement on disposal of the foreign operation.

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2 Significant accounting policies continued

Provisions

Provisions are recognised when the Group has a present obligation, legal or constructive, as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the period end date, and are discounted to present value where the effect is material.

Onerous contract provisions are recognised for losses on contracts where the forecast costs of fulfilling the contract throughout the contract period exceed the forecast income receivable. The provision is calculated based on cash flows to the end of the contract. Vacant property provisions are recognised when the Group has committed to a course of action that will result in the property becoming vacant.

Share-based payments

The Group issues equity-settled and cash-settled share-based payments to certain Directors and employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using a binomial pricing model which is calibrated using a Black-Scholes framework. The expected life used in the models has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations.

A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each period end date for cash-settled share-based payments.

Investment in own shares

Treasury shares

Where the Company purchases its equity share capital as Treasury Shares, the consideration paid, including any directly attributable incremental costs (net of income taxes) is recorded as a deduction from shareholders' equity until such shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is recognised in equity, with any difference between the proceeds from the sale and the original cost being taken to retained earnings.

Employee Benefit Trust

The Company has established an Employee Benefit Trust (EBT) for the purpose of purchasing shares in order to satisfy outstanding share options and potential awards under long-term incentive plans. The assets of the Trust comprise shares in DMGT plc and cash balances. The Trust is administered by independent trustees and its assets are held separately from those of the Group. The Group bears the major risks and rewards of the assets held by the EBT until the shares vest unconditionally with employees. The Group recognises the assets and liabilities of the Trust in the consolidated financial statements and shares held by the Trust are recorded at cost as a deduction from shareholders' equity. Consideration received for the sale of shares held by the Trust is recognised in equity, with any difference between the proceeds from the sale and the original cost being taken to retained earnings.

Critical accounting judgements and key sources of estimation uncertainty

In addition to the judgement taken by management in selecting and applying the accounting policies set out above, management has made the following judgements concerning the amounts recognised in the consolidated financial statements:

Adjusted measures

The Group presents adjusted operating profit and adjusted profit before tax by making adjustments for costs and profits which management believe to be significant by virtue of their size, nature or incidence or which have a distortive effect on current year earnings.

Such items would include, but are not limited to, costs associated with business combinations, gains and losses on the disposal of businesses, finance costs relating to premia on bond buy backs, fair value movements, exceptional operating costs, impairment of goodwill and amortisation and impairment of intangible assets arising on business combinations.

Exceptional operating costs include reorganisation costs and similar items of a significant and a non-recurring nature. In addition, the Group presents an adjusted profit after tax measure by making adjustments for certain tax charges and credits which management believe to be significant by virtue of their size, nature or incidence or which have a distortive effect. The Group uses these adjusted measures to evaluate performance and as a method to provide shareholders with clear and consistent reporting.

See Note 13 for a reconciliation of profit before tax to adjusted profit before and after tax. See the Financial Review section in the Strategic Report for a reconciliation of operating profit to adjusted operating profit.

The Group also presents a measure of net debt, see Note 16 for further detail.

Investment in Euromoney
Following loss of control the Group has also considered factors which may indicate de facto control. The Group has determined that it does not have de facto control over Euromoney since it cannot block any ordinary resolutions, which comprise the majority of corporate actions, has no control over the remuneration of Euromoney's directors and has no control over Euromoney's day-to-day operations nor budgets. In addition, the Group has no material trading activities or relationships which are critical for Euromoney to carry out its business. The Group's relationship with Euromoney is monitored on an ongoing basis to ensure no change in this assessment.

Retirement benefits
After considering the principles set out in IFRIC 14, the Group has recognised a net surplus on its pension schemes amounting to £243.5 million (2017 £62.4 million).

The following represent key sources of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements:

Forecasting
The Group prepares medium-term forecasts based on Board-approved budgets and three-year outlooks. These are used to support judgements made in the preparation of the Group's financial statements including the recognition of deferred tax assets in different jurisdictions, the Group's going concern assessment and for the purposes of impairment reviews. Longer-term forecasts use long-term growth rates applicable to the relevant businesses.

Impairment of goodwill and intangible assets
Determining whether goodwill and intangible or other assets are impaired or whether a reversal of an impairment should be recorded requires a comparison of the balance sheet carrying value with the recoverable amount of the asset or CGU. The recoverable amount is the higher of the value in use and fair value less costs to sell.

The value in use calculation requires management to estimate the future cash flows expected to arise from the asset or CGU and calculate the net present value of these cash flows using a suitable discount rate. A key area of judgement is deciding the long-term growth rate and the operating cash flows of the applicable businesses and the discount rate applied to those cash flows (Note 21). The key assumptions used and associated sensitivity analysis in relation to Genscape, Landmark and Hobsons is shown in Note 21. The carrying amount of goodwill and intangible assets within these CGUs at the year end was £301.8 million.

Taxation
Being a multinational Group with tax affairs in many geographic locations inherently leads to a highly complex tax structure which makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Group and actual tax liabilities or refunds may differ from those anticipated due to changes in tax legislation, differing interpretations of tax legislation and uncertainties surrounding the application of tax legislation. Such issues can take several years to resolve.

The Group accounts for unresolved issues based on its best estimate of the final outcome, however the inherent uncertainty regarding these items means that the eventual resolution could differ significantly from the accounting estimates and, therefore, impact the Group's results and future cash flows. In situations where uncertainties exist, provision is made for contingent tax liabilities and assets when it is more likely than not that there will be a cash impact. These provisions are made for each uncertainty individually on the basis of management estimates following consideration of the available relevant information. The measurement basis adopted represents the best predictor of the resolution of the uncertainty which is usually based on the most likely cash outflow. The company reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances. In the current period, the Group's uncertain tax positions relate mainly to Euromoney, further detail is provided in Note 11.

In addition, the Group makes estimates regarding the recoverability of deferred tax assets relating to losses based on forecasts of future taxable profits which are, by their nature, uncertain.

Retirement benefit obligations
The cost of defined benefit pension plans is determined using actuarial valuations prepared by the Group's actuaries. This involves making certain assumptions concerning discount rates, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The assumptions and the resulting estimates are reviewed annually and, when appropriate, changes are made which affect the actuarial valuations and, hence, the amount of retirement benefit expense recognised in the Consolidated Income Statement and the amounts of actuarial gains and losses recognised in the Consolidated Statement of Changes in Equity.

The fair value of the Group's pension scheme assets include quoted and unquoted investments. The value of unquoted investments require more judgement as their values are not directly observable. Accordingly the assumptions used in valuing unquoted investments are affected by current market conditions and trends which could result in changes in their fair value after the measurement date. A 1.0% movement in the value of unquoted pension scheme assets is estimated to change the value of the Group's pension scheme assets by £21.0 million.

The carrying amount of the retirement benefit obligation at 30 September 2018 was a surplus of £243.5 million (2017 £62.4 million). The assumptions used and the associated sensitivity analysis can be found in Note 35.

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3 Segment analysis

The Group's business activities are split into six operating divisions: Insurance Risk (previously named RMS), Property Information, EdTech, Energy Information (all previously known as dmg information), Events and Exhibitions (previously named dmg events) and Consumer Media (previously named dmg media). These divisions are the basis on which information is reported to the Group's Chief Operating Decision Maker, which has been determined to be the Group Board. The segment result is the measure used for the purposes of resource allocation and assessment and represents profit earned by each segment, including share of results from joint ventures and associates but before exceptional operating costs, amortisation of acquired intangible assets arising on business combinations, impairment charges, other gains and losses, net finance costs and taxation.

Details of the types of products and services from which each segment derives its revenues are included within the Strategic Report.

The accounting policies applied in preparing the management information for each of the reportable segments are the same as the Group's accounting policies described in Note 2.

Year ended 30 September 2018	Note	Total and external revenue £m	Segment operating profit/(loss) £m	Less operating profit/(loss) of joint ventures and associates £m	Adjusted operating profit/(loss) £m
Insurance Risk		229.4	33.8	(0.8)	34.6
Property Information		271.6	58.0	–	58.0
EdTech		68.3	7.4	–	7.4
Energy Information		85.5	(0.5)	(0.8)	0.3
Events and Exhibitions		117.8	27.7	–	27.7
Consumer Media		653.8	83.6	19.3	64.3
		1,426.4	210.0	17.7	192.3
Corporate costs		–	12.8	60.2	(47.4)
		1,426.4			
Adjusted operating profit					**144.9**
Exceptional operating costs, impairment of internally generated and acquired computer software, property, plant and equipment					(78.9)
Impairment of goodwill and acquired intangible assets arising on business combinations	21, 22				(0.3)
Amortisation of acquired intangible assets arising on business combinations	22				(15.5)
Operating profit before share of results of joint ventures and associates					**50.2**
Share of results of joint ventures and associates					118.4
Total operating profit					**168.6**
Other gains and losses					553.0
Profit before investment revenue, net finance costs and tax					**721.6**
Investment revenue					4.8
Finance expense					(40.0)
Finance income					5.5
Profit before tax					**691.9**
Tax					(3.7)
Profit for the year					**688.2**

An analysis of the amortisation and impairment of goodwill and intangible assets, exceptional operating costs by segment is as follows:

Year ended 30 September 2018	Amortisation of intangible assets not arising on business combinations (Note 22) £m	Amortisation of intangible assets arising on business combinations (Note 22) £m	Impairment of goodwill and intangible assets arising on business combinations (Note 21,22) £m	Impairment of internally generated and acquired computer software (Note 22) £m	Exceptional operating costs £m
Insurance Risk	(15.0)	–	–	(58.3)	–
Property Information	(3.9)	(8.7)	–	–	(1.5)
EdTech	(5.2)	(2.8)	–	–	–
Energy Information	(3.4)	(3.3)	(0.3)	(0.1)	3.8
Events and Exhibitions	(0.1)	(0.6)	–	–	–
Consumer Media	(5.2)	(0.1)	–	–	(18.2)
	(32.8)	(15.5)	(0.3)	(58.4)	(15.9)
Corporate costs	–	–	–	–	(4.6)
Total and continuing operations	(32.8)	(15.5)	(0.3)	(58.4)	(20.5)

The Group's exceptional operating costs are analysed as follows:

Year ended 30 September 2018	Severance costs £m	LTIP (i) £m	Pension past service cost (ii) £m	Property £m	Legal fees (iii) £m	Total £m
Property Information	0.1	–	–	–	(1.6)	(1.5)
EdTech	0.2	–	–	(0.2)	–	–
Energy Information	–	–	–	–	3.8	3.8
Consumer Media	(0.1)	(0.8)	(17.3)	–	–	(18.2)
	0.2	(0.8)	(17.3)	(0.2)	2.2	(15.9)
Corporate costs	–	(4.7)	–	–	0.1	(4.6)
Total and continuing operations	0.2	(5.5)	(17.3)	(0.2)	2.3	(20.5)

The Group's tax charge includes a related credit of £4.3 million in relation to these exceptional operating costs.

(i) During the period, the Group sold its investment in ZPG resulting in a profit on sale of £508.4 million. As a direct consequence of this disposal the value of the DMGT 2017 Long Term Incentive Plan (the LTIP) is estimated to have increased by £16.5 million. As the LTIP includes a service period condition, IFRS 2 Share Options requires the LTIP charge to be spread over the service period until the award vests. The LTIP charge recognised in the period which relates to the disposal of ZPG amounts to £5.5 million which is anticipated to be repeated for the following two years. Since the profit on the sale of ZPG is excluded from our adjusted profit measure we have treated the incremental increase in the LTIP charge as an adjusting item and will continue to do so until the award vests.

(ii) The pension past service cost represents a non-cash charge. This follows a change to the scheme rules in one of the Group's defined benefit (DB) pension plans capping future pension increases at 5%. This aligns the pension increases of this scheme with all other Group DB pension plans.

(iii) Exceptional charges in the Property Information segment relate to fees paid to the Group's lawyers in defence of various claims brought against businesses in this segment. The exceptional credit in the Energy Information segment relates to a release of provisions no longer required.

An analysis of the depreciation of property, plant and equipment, research costs, investment revenue, and finance income and expense by segment is as follows:

Year ended 30 September 2018	Depreciation of property, plant and equipment (Note 23) £m	Research costs £m	Investment revenue (Note 9) £m	Finance Income (Note 10) £m	Finance expense (Note 10) £m
Insurance Risk	(4.9)	(37.2)	0.3	–	–
Property Information	(2.8)	(0.1)	–	–	–
EdTech	(0.6)	–	1.4	–	–
Energy Information	(3.3)	(4.0)	–	–	(2.5)
Events and Exhibitions	(0.5)	–	–	–	–
Consumer Media	(14.9)	(0.5)	–	2.0	(1.1)
	(27.0)	(41.8)	1.7	2.0	(3.6)
Corporate costs	(0.2)	–	3.1	3.5	(36.4)
Total and continuing operations	(27.2)	(41.8)	4.8	5.5	(40.0)

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3 Segment analysis continued

Year ended 30 September 2017	Note	Total and external revenue £m	Segment operating profit £m	Less operating profit/(loss) of joint ventures and associates £m	Adjusted operating profit/(loss) £m
Insurance Risk		233.2	32.0	(0.8)	32.8
Property Information		328.0	52.0	0.1	51.9
EdTech		114.9	16.1	(0.2)	16.3
Energy Information		87.8	1.1	(0.7)	1.8
Events and Exhibitions		117.0	30.6	–	30.6
Euromoney	(i)	95.2	67.3	48.0	19.3
Consumer Media		683.4	99.2	22.0	77.2
		1,659.5	298.3	68.4	229.9
Corporate costs		–	–	0.9	(31.6)
Discontinued operations	19	(95.2)	(67.3)	(48.0)	(19.3)
		1,564.3			
Adjusted operating profit					179.0
Exceptional operating costs, impairment of internally generated and acquired computer software, property, plant and equipment					(166.2)
Impairment of goodwill and acquired intangible assets arising on business combinations	21,22				(131.7)
Amortisation of acquired intangible assets arising on business combinations	22				(26.5)
Operating loss before share of results of joint ventures and associates					(145.4)
Share of results of joint ventures and associates					16.9
Total operating loss					(128.5)
Other gains and losses					14.0
Loss before investment revenue, net finance costs and tax					(114.5)
Investment revenue					2.5
Finance expense					(43.8)
Finance income					43.5
Loss before tax					(112.3)
Tax					(64.7)
Profit from discontinued operations	19				519.3
Profit for the year					342.3

(i) Revenue and adjusted operating profit relating to the discontinued operations of Euromoney have been deducted in order to reconcile total segment result to Group loss before tax from continuing operations.

An analysis of the amortisation and impairment of goodwill and intangible assets, exceptional operating costs and impairment of property, plant and equipment by segment is as follows:

Year ended 30 September 2017	Note	Amortisation of intangible assets not arising on business combinations (Note 22) £m	Amortisation of intangible assets arising on business combinations (Note 22) £m	Impairment of goodwill and intangible assets arising on business combinations (Notes 21, 22) £m	Impairment of internally generated and acquired computer software (Note 22) £m	Exceptional operating costs £m	Impairment of property, plant and equipment (Note 23) (i) £m
Insurance Risk		(17.8)	–	–	–	(2.8)	–
Property Information		(5.7)	(13.6)	(31.6)	(33.7)	(11.8)	–
EdTech		(8.5)	(4.3)	(2.2)	(5.3)	(7.9)	–
Energy Information		(6.4)	(8.2)	(97.9)	(42.4)	(6.8)	–
Events and Exhibitions		(0.1)	(0.2)	–	–	(2.6)	–
Euromoney		(0.9)	(5.4)	–	–	(0.9)	–
Consumer Media		(4.8)	(0.2)	–	(0.3)	(8.8)	(42.0)
		(44.2)	(31.9)	(131.7)	(81.7)	(41.6)	(42.0)
Corporate costs		–	–	–	–	(1.8)	–
		(44.2)	(31.9)	(131.7)	(81.7)	(43.4)	(42.0)
Relating to discontinued operations	19	0.9	5.4	–	–	0.9	–
Continuing operations		(43.3)	(26.5)	(131.7)	(81.7)	(42.5)	(42.0)

(i) Following continued declines in the UK printing market the Group decided to close its Didcot print site, resulting in an impairment charge of £41.3 million.

The Group's exceptional operating costs are analysed as follows:

Year ended 30 September 2017	Note	Severance costs £m	Consultancy charges £m	Other restructuring costs £m	Legal fees (i) £m	Total £m
Insurance Risk		0.5	(3.3)	–	–	(2.8)
Property Information		(4.8)	–	–	(7.0)	(11.8)
EdTech		(5.5)	(1.9)	(0.5)	–	(7.9)
Energy Information		(0.9)	–	–	(5.9)	(6.8)
Events and Exhibitions		–	–	(2.6)	–	(2.6)
Euromoney		–	(0.1)	–	(0.8)	(0.9)
Consumer Media		(4.0)	–	(4.8)	–	(8.8)
		(14.7)	(5.3)	(7.9)	(13.7)	(41.6)
Corporate costs		(1.8)	–	–	–	(1.8)
Total and continuing operations		(16.5)	(5.3)	(7.9)	(13.7)	(43.4)
Relating to discontinued operations	19	–	0.1	–	0.8	0.9
Continuing operations		(16.5)	(5.2)	(7.9)	(12.9)	(42.5)

The Group's tax charge includes a related credit of £11.1 million in relation to these exceptional operating costs.

(i) Includes dispute settlements and fees paid to the Group's lawyers. The charge relates principally to a claim by CoStar Inc. (CoStar) against Xceligent, Inc. (Xceligent) asserting, inter alia, misuse by Xceligent of CoStar's intellectual property. Xceligent filed a motion to dismiss on the basis that CoStar's actions are contrary to a Federal Trade Commission (FTC) consent order which was put in place when Xceligent was spun out of CoStar's acquisition of LoopNet. The damages claimed have not been quantified and the Group has made no provision for any claim.

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3 Segment analysis continued

An analysis of the depreciation of property, plant and equipment, research costs, investment revenue, and net finance costs by segment is as follows:

Year ended 30 September 2017	Note	Depreciation of property, plant and equipment and investment property (Note 23) £m	Research costs £m	Investment revenue (Note 9) £m	Finance Income (Note 10) £m	Finance expense (Note 10) £m
Insurance Risk		(5.9)	(40.3)	0.3	–	(0.1)
Property Information		(4.5)	(0.1)	0.5	11.5	(0.1)
EdTech		(1.8)	(0.6)	–	1.4	–
Energy Information		(4.0)	(1.1)	–	25.9	(0.2)
Events and Exhibitions		(0.5)	–	–	–	–
Euromoney		(0.8)	(2.5)	–	–	(0.7)
Consumer Media		(16.8)	(1.4)	1.5	–	(3.5)
		(34.3)	(46.0)	2.3	38.8	(4.6)
Corporate costs		(0.2)	–	0.2	4.7	(39.9)
		(34.5)	(46.0)	2.5	43.5	(44.5)
Relating to discontinued operations	19	0.8	2.5	–	–	0.7
Continuing operations		(33.7)	(43.5)	2.5	43.5	(43.8)

The Group's revenue comprises sales excluding value added tax, less discounts and commission where applicable and is analysed as follows:

	Year ended 30 September 2018 Total and continuing operations £m	Year ended 30 September 2017 Total £m	Year ended 30 September 2017 Discontinued operations (Note 19) £m	Year ended 30 September 2017 Continuing operations £m
Print advertising	**187.0**	203.6	7.1	196.5
Digital advertising	**135.9**	142.7	2.0	140.7
Circulation	**291.4**	307.8	–	307.8
Subscriptions	**399.1**	517.4	63.5	453.9
Events, conferences and training	**116.2**	140.9	24.7	116.2
Transactions and other	**296.8**	347.1	(2.1)	349.2
	1,426.4	1,659.5	95.2	1,564.3

Transactions and other within discontinued operations in the prior period include a £3.8 million foreign exchange loss on forward contracts in the Euromoney segment.

By geographic area

The majority of the Group's operations are located in the United Kingdom, North America, rest of Europe, and Australia. The analysis of Group revenue below is based on the location of Group companies in these regions.

	Year ended 30 September 2018 Total and continuing operations £m	Year ended 30 September 2017 Total £m	Year ended 30 September 2017 Discontinued operations (Note 19) £m	Year ended 30 September 2017 Continuing operations £m
UK	**812.0**	873.8	30.9	842.9
North America	**475.4**	615.5	50.6	564.9
Rest of Europe	**40.1**	43.0	4.4	38.6
Australia	**8.7**	22.6	0.4	22.2
Rest of the World	**90.2**	104.6	8.9	95.7
	1,426.4	1,659.5	95.2	1,564.3

The analysis of Group revenue below is based on the geographic location of customers in these regions.

	Year ended 30 September 2018 Total and continuing operations £m	Year ended 30 September 2017 Total £m	Year ended 30 September 2017 Discontinued operations (Note 19) £m	Year ended 30 September 2017 Continuing operations £m
UK	**772.4**	808.1	9.1	799.0
North America	**410.8**	557.9	43.9	514.0
Rest of Europe	**143.2**	155.7	18.6	137.1
Australia	**10.2**	23.3	2.0	21.3
Rest of the World	**89.8**	114.5	21.6	92.9
	1,426.4	1,659.5	95.2	1,564.3

The closing net book value of goodwill, intangible assets, property, plant and equipment is analysed by geographic area as follows:

	Closing net book value of property, plant and equipment (Note 23) 2018 £m	Closing net book value of property, plant and equipment (Note 23) 2017 £m	Closing net book value of goodwill (Note 21) 2018 £m	Closing net book value of goodwill (Note 21) 2017 £m	Closing net book value of intangible assets (Note 22) 2018 £m	Closing net book value of intangible assets (Note 22) 2017 £m
UK	**76.1**	79.1	**94.1**	92.0	**44.6**	47.4
North America	**20.3**	19.3	**204.2**	231.2	**72.0**	145.7
Rest of Europe	**2.5**	3.3	**22.5**	25.7	**12.6**	18.2
Australia	**–**	–	**–**	2.3	**–**	–
Rest of the World	**0.5**	1.0	**12.4**	11.9	**2.0**	1.7
	99.7	103.3	**333.2**	363.1	**131.2**	213.0

The additions to non-current assets are analysed as follows:

	Property, plant and equipment (Note 23) Year ended 30 September 2018 £m	Property, plant and equipment (Note 23) Year ended 30 September 2017 £m	Goodwill (Note 21) Year ended 30 September 2018 £m	Goodwill (Note 21) Year ended 30 September 2017 £m	Intangible assets (Note 22) Year ended 30 September 2018 £m	Intangible assets (Note 22) Year ended 30 September 2017 £m
Insurance Risk	**4.7**	2.5	**–**	–	**0.1**	–
Property Information	**9.8**	6.6	**–**	0.4	**7.4**	26.6
EdTech	**0.2**	1.0	**–**	–	**10.9**	17.0
Energy Information	**2.0**	2.6	**0.2**	–	**1.3**	13.1
Events and Exhibitions	**0.2**	0.4	**3.0**	–	**2.6**	0.2
Euromoney	**–**	2.8	**–**	–	**–**	0.5
Consumer Media	**7.9**	4.7	**–**	–	**–**	1.2
	24.8	20.6	**3.2**	0.4	**22.3**	58.6
Corporate costs	**5.6**	0.5	**–**	–	**–**	–
	30.4	21.1	**3.2**	0.4	**22.3**	58.6

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4 Operating profit analysis

Operating profit before the share of results of joint ventures and associates is further analysed as follows:

	Note	Year ended 30 September 2018 Total and continuing operations £m	Year ended 30 September 2017 Total £m	Year ended 30 September 2017 Discontinued operations Note 19 £m	Year ended 30 September 2017 Continuing operations £m
Revenue		**1,426.4**	1,659.5	95.2	1,564.3
Decrease in stocks of finished goods and work in progress		**(3.6)**	(4.3)	–	(4.3)
Raw materials, consumables and direct staff costs		**(230.7)**	(236.8)	–	(236.8)
Inventories recognised as an expense in the year		**(234.3)**	(241.1)	–	(241.1)
Staff costs		**(495.4)**	(588.3)	(38.3)	(550.0)
Impairment of goodwill and intangible assets	21, 22	**(58.7)**	(213.4)	–	(213.4)
Amortisation of intangible assets arising on business combinations	22	**(15.5)**	(31.9)	(5.4)	(26.5)
Amortisation of internally generated and acquired computer software	22	**(32.8)**	(44.2)	(0.9)	(43.3)
Promotion and marketing costs		**(33.5)**	(41.9)	(1.6)	(40.3)
Venue and delegate costs		**(35.5)**	(41.6)	(8.2)	(33.4)
Editorial and production costs		**(109.3)**	(111.0)	(3.5)	(107.5)
Distribution and transportation costs		**(40.5)**	(42.5)	(0.6)	(41.9)
Royalties and similar charges		**(39.1)**	(51.2)	–	(51.2)
Depreciation of property, plant and equipment	23	**(27.2)**	(34.5)	(0.8)	(33.7)
Impairment of property, plant and equipment	23	**–**	(42.0)	–	(42.0)
Rental of property		**(25.9)**	(29.5)	–	(29.5)
Other property costs		**(22.0)**	(26.9)	(3.6)	(23.3)
Rental of plant and equipment		**(19.2)**	(22.8)	–	(22.8)
Foreign exchange translation differences		**1.3**	(0.2)	(0.3)	0.1
Other expenses		**(188.6)**	(228.9)	(19.0)	(209.9)
Operating profit/(loss)		**50.2**	(132.4)	13.0	(145.4)

5 Auditor's remuneration

	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	**0.3**	0.3
Fees payable to the Company's Auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation	**2.7**	2.6
Audit services provided to all Group companies	**3.0**	2.9
Audit-related assurance services	**0.2**	0.5
Assurance services	**0.3**	0.3
Other non-audit services	**–**	0.1
	0.5	0.9
Total remuneration	**3.5**	3.8

6 Employees

The average monthly number of persons employed by the Group including Directors is analysed as follows:

	Note	Year ended 30 September 2018 Number	Year ended 30 September 2017 Number
Insurance Risk		**1,348**	1,149
Property Information	(i)	**2,320**	2,487
EdTech		**382**	755
Energy Information		**467**	498
Events and Exhibitions		**340**	359
Euromoney	(ii)	**–**	2,192
Consumer media		**2,249**	2,417
Corporate costs		**87**	88
		7,193	9,945

(i) Includes the average monthly number of persons employed by Xceligent for the period ended 30 November 2017 and EDR and SiteCompli for the period ended 31 March 2018 when these businesses ceased to be subsidiary undertakings.

(ii) The prior period represents the average monthly number of persons employed by Euromoney for the period ended 31 December 2016 when Euromoney ceased to be a subsidiary undertaking.

The total average number of persons employed by the Group in the year, for the purposes of calculating an average cost per employee, is 6,267 (2017 8,301).

Total staff costs comprised:

	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Wages and salaries	**448.6**	539.7
Share-based payments	**10.1**	3.9
Social security costs	**40.4**	47.3
Pension costs	**28.5**	13.3
	527.6	604.2

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7 Share of results of joint ventures and associates

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Share of adjusted operating losses from operations of joint ventures		**(3.2)**	(0.1)
Share of adjusted operating profits from operations of associates	(i)	**77.2**	68.6
Share of profits before exceptional operating costs, amortisation, impairment of goodwill, interest and tax		**74.0**	68.5
Share of associates' other gains and losses		**102.9**	–
Share of exceptional operating costs of associates		**(4.9)**	(6.7)
Share of amortisation of intangibles arising on business combinations of joint ventures		**–**	(0.1)
Share of amortisation of intangibles arising on business combinations of associates		**(16.7)**	(17.1)
Share of associates' interest payable		**(4.0)**	(4.5)
Share of joint ventures' tax	11, 13	**(0.1)**	–
Share of associates' tax	11, 13	**(31.2)**	(5.2)
Share of impairment of intangibles arising on business combinations of associates	13	**–**	(13.7)
Share of impairment of goodwill in associates		**(1.5)**	–
Share of fair value movement of contingent consideration payable of associates		**0.7**	–
Impairment of carrying value of joint ventures	13, 24, (ii)	**–**	(3.3)
Impairment of carrying value of associates	13, 24, (iii)	**(0.8)**	(1.0)
		118.4	16.9
Share of associates' items of other comprehensive income		**14.7**	(9.7)
Share of results of joint ventures and associates		**133.1**	7.2
Share of results from operations of joint ventures		**(3.3)**	(0.2)
Share of results from operations of associates		**122.5**	21.4
Impairment of carrying value of joint ventures		**–**	(3.3)
Impairment of carrying value of associates		**(0.8)**	(1.0)
		118.4	16.9
Share of associates' items of other comprehensive income		**14.7**	(9.7)
Share of results of joint ventures and associates		**133.1**	7.2

(i) Share of adjusted operating profits from associates includes £55.9 million (2017 £47.2 million) from the Group's interest in Euromoney and £23.4 million (2017 £27.4 million) from the Group's interest in ZPG Plc (ZPG) in the Consumer Media segment.

(ii) In the prior period, represents a £3.0 million write-down in the carrying value of Knowlura in the EdTech segment and a £0.3 million write-down in the carrying value of Artirix in the Consumer Media segment.

(iii) Represents a £0.3 million write-down in the carrying value of RLTO Ltd in the Property Information segment and a £0.5 million write-down in the carrying value of Eatfirst UK Ltd held centrally. In the prior period, represents a £0.5 million write-down in the carrying value of Carspring in the Consumer Media segment and £0.5 million write-down in the carrying value of iProf Learning Solutions in the EdTech segment.

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8 Other gains and losses

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Profit on disposal of available-for-sale investments		**1.0**	–
Impairment of available-for-sale assets	13, 25	**(1.8)**	(0.5)
Impairment of held-for-sale-assets	20	**–**	(4.1)
Profit/(Loss) on disposal and closure of businesses	13, 18, (i)	**37.1**	(6.5)
Recycled cumulative translation differences	13, 18, 39, 40, (ii)	**10.4**	4.7
Gain on dilution of stake in associate	24, (iii)	**0.7**	18.0
Loss on change in control	13, (iv)	**(3.5)**	–
Profit on disposal of joint ventures and associates	13, (v)	**509.1**	2.4
		553.0	14.0

There is a tax charge of £17.6 million in relation to these other gains and losses (2017 £0.2 million).

(i) In the current period this principally relates to a £51.7 million profit on the sale of EDR in the Property Information segment, £6.3 million loss on the sale of Locus Energy, a £0.9 million profit on disposal of assets in acquiring an interest in Linevision and a £7.2 million loss on the disposal Digital H2O in the Energy segment, a £4.8 million loss on Hobsons Solutions and additional costs of £3.5 million on the sale of Hobsons Admissions and Edumate on in the EdTech segment.

Additionally a loss of £4.8 million was recognised on the closure of Xceligent, gains on various disposals amounting to £0.4 million recognised in the Consumer Media segment and £0.1 million in the Events segment.

In the prior period this principally relates to a £6.2 million profit on disposal of Elite Daily in the Consumer Media segment offset by a loss of £6.5 million representing an adjustment to the net assets sold with Wowcher in the Consumer Media segment and a loss of £4.4 million on sale of various businesses in the EdTech segment.

(ii) Represents cumulative translation differences required to be recycled through the Consolidated Income Statement on disposals.

(iii) This represents a gain on dilution of the Group's stakes in Praedicat and Skymet. In accordance with IAS 28, Investments in Associates and Joint Ventures, this dilution has been treated as a deemed disposal. The carrying value of these investments has increased resulting in a gain on dilution of £0.7 million. In the prior period, this represents a gain on dilution of the Group's investment in ZPG.

(iv) During the period the Group reduced its interest in SiteCompli in the Property Information Segment and SiteCompli became an associate. In accordance with IFRS3, Business Combinations, the difference between the fair value of the investment retained less a capital contribution and the carrying value is treated as a loss on change in control.

(v) Principally relates to the disposal of ZPG for gross proceeds of £641.7 million, resulting in a profit on disposal of £508.4 million. During the prior period, this principally relates to the disposal of the Group's holding in Fortunegreen and Spaceway Storage Services in the Consumer Media segment and Clipper Data in the Energy Information segment.

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9 Investment revenue

	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Dividend income	**0.1**	0.1
Interest receivable from short-term deposits	**1.7**	1.0
Interest receivable on loan notes	**3.0**	1.4
	4.8	2.5

10 Net finance costs

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Interest, arrangement and commitment fees payable on bonds, bank loans and loan notes		**(35.9)**	(37.2)
Loss on derivatives, or portions thereof, not designated for hedge accounting		**(1.7)**	(1.7)
Finance charge on defined benefit pension schemes	13, 35	**–**	(4.9)
Change in fair value of derivative hedge of bond	16, 34	**(2.3)**	(4.7)
Change in fair value of hedged portion of bond	16, 34	**2.3**	4.7
Finance charge on discounting of contingent consideration payable	36, (ii)	**(0.2)**	–
Fair value movement of contingent consideration payable	36, 13, (i)	**(2.2)**	–
Finance expense		**(40.0)**	(43.8)
Profit on derivatives, or portions thereof, not designated for hedge accounting		**0.4**	–
Finance income on defined benefit pension schemes	35	**2.0**	–
Fair value movement of contingent consideration payable	36, 13, (i)	**–**	28.6
Fair value movement of undesignated financial instruments	13	**3.1**	7.5
Change in present value of acquisition put options	13, 34	**–**	7.4
Finance income		**5.5**	43.5
Net finance costs		**(34.5)**	(0.3)

(i) The fair value movement of contingent consideration arises from the requirement of IFRS 3, Business Combinations, to measure such consideration at fair value with changes in fair value taken to the Income Statement.

(ii) The finance charge on the discounting of contingent consideration arises from the unwinding of the discount following the requirement under IFRS 3, Business Combinations, to record contingent consideration at fair value using a discounted cash flow approach.

11 Tax

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
The charge on the profit for the period consists of:			
UK tax			
Corporation tax at 19.0% (2017 19.5%)		**(0.7)**	–
Adjustments in respect of prior years		**(0.2)**	0.3
		(0.9)	0.3
Overseas tax			
Corporation tax		**(24.3)**	(12.0)
Adjustments in respect of prior years		**(0.6)**	–
		(24.9)	(12.0)
Total current tax		**(25.8)**	(11.7)
Deferred tax	37		
Origination and reversals of temporary differences		**22.1**	(62.4)
Adjustments in respect of prior years		**–**	5.4
Total deferred tax		**22.1**	(57.0)
Total tax charge		**(3.7)**	(68.7)
Relating to discontinued operations	19	**–**	4.0
		(3.7)	(64.7)

In December 2017 the Tax Cuts and Jobs Act was enacted in the US which included a broad range of tax changes. One key provision was a reduction in the corporate tax rate from 35.0% to 21.0% from 1 January 2018. US deferred tax balances have been re-measured to reflect this reduced rate as this is the rate that will apply on reversal. The other key provision impacting the Group was a one off toll charge arising from the deemed mandatory repatriation of previously undistributed earnings and profits of non-US corporations owned by the Group's US subsidiaries.

The current and deferred tax implications of Brexit on the Group have been considered by management and are not expected to have any material impact.

The EU Commission has opened a State Aid investigation into the Group Financing Exemption included within the UK's controlled foreign company (CFC) rules. The Group finances its US operations through a Luxembourg resident finance company which has received clearance from HM Revenue & Customs that it benefits from this exemption. If the State Aid investigation leads to a reversal of the benefits that the Group has accrued through the exemption, the tax cost to the Group would be approximately £7.4 million. The Directors do not assess this outcome as more than likely and accordingly have made no provision in these financial statements.

A deferred tax credit of £31.2 million (2017 £49.3 million) relating to the actuarial movement on defined benefit pension schemes was recognised directly in the Consolidated Statement of Comprehensive Income. A deferred tax of charge of £6.8 million (2017 £0.4 million) and a current tax credit of £2.3 million (2017 £nil) were recognised directly in equity.

Legislation was enacted in September 2016 to reduce the UK corporation tax rate to 17.0% from 1 April 2020. UK deferred tax balances therefore have been measured at 17.0% as this is the tax rate that will apply on reversal unless the timing difference is expected to reverse before April 2020, in which case the appropriate tax rate has been used.

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11 Tax continued

The tax charge for the year is lower than the standard rate of corporation tax in the UK of 19.0% (2017 19.5%) representing the weighted average annual corporate tax rate for the full financial year. The differences are explained below:

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Profit/(loss) on ordinary activities before tax – continuing operations		691.9	(112.3)
Profit before tax – discontinued operations	19	–	523.3
Total profit before tax		691.9	411.0
Tax on profit on ordinary activities at the standard rate		(131.5)	(80.1)
Effect of:			
Amortisation and impairment of goodwill and intangible assets		(2.2)	(28.4)
Other expenses not deductible for tax purposes		(1.0)	0.4
Additional items deductible for tax purposes	(i)	4.3	7.7
Derecognition of previously recognised deferred tax assets		0.3	(109.9)
Effect of overseas tax rates		(5.2)	21.6
Effect of associates tax		22.6	4.5
Unrecognised tax losses utilised		1.9	7.7
Write off/disposal of subsidiaries and associate	(ii)	97.2	102.3
Effect of change in tax rate		10.7	(0.2)
Adjustment in respect of prior years	(iii)	(0.8)	5.7
Total tax charge on the profit for the year – continuing and discontinued operations	13	(3.7)	(68.7)

(i) Additional items deductible for tax purposes amounting to £4.3 million (2017 £7.7 million) primarily relates to Research and Development tax credits and financing arrangements that result in asymmetrical tax treatments in the territories involved. Some of these are expected to recur in the short term.

(ii) Includes £96.6 million relating to the profit of sale of ZPG which was non-taxable by virtue of the Substantial Shareholder Exemption.

(iii) The adjustment in respect of prior years charge of £0.8 million (2017 credit of £5.7 million) arose largely from a reassessment of temporary differences.

Adjusted tax on profits before amortisation and impairment of intangible assets, restructuring costs and non-recurring items (adjusted tax charge) amounted to a charge of £33.2 million (2017 £29.0 million) and the resulting rate is 18.2% (2017 12.8%). The differences between the tax charge and the adjusted tax charge are shown in the reconciliation below:

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Total tax charge on the profit for the year		(3.7)	(68.7)
Share of tax in joint ventures and associates	7, 19	(31.3)	(4.9)
Deferred tax on intangible assets		(22.6)	(29.6)
Reassessment of temporary differences		–	108.9
Tax on other adjusting items		24.4	(34.7)
Adjusted tax charge on the profit for the year	13	(33.2)	(29.0)

In calculating the adjusted tax rate, the Group excludes the potential future impact of the deferred tax effects of intangible assets (other than internally generated and acquired computer software), as the Group prefers to give users of its accounts a view of the tax charge based on the current status of such items. Deferred tax would only crystallise on a sale of the relevant businesses, which is not anticipated at the current time, and such a sale, being an exceptional item, would result in an exceptional tax impact.

Reassessment of temporary differences includes £nil (2017 charge of £100.4 million) relating to the derecognition of overseas tax losses and a net charge of £nil (2017 charge of £8.5 million) relating to the derecognition of UK tax losses which are treated as exceptional due to their distortive impact on the Group's adjusted tax charge.

Included in tax on other adjusting items are items arising from tax reform in the US comprising deferred tax credit of £12.5 million (2017 £nil) relating to the re-measurement of US deferred tax balances following the reduction in the US corporate tax rate, a current tax charge of £6.1 million (2017 £nil) in respect of the transitional toll charge and a deferred tax charge of £4.0 million relating to the impact of the internal refinancing of the US group.

Uncertain tax positions

At 30 September 2018 the Group's 49.8% associate, Euromoney held provisions for uncertain tax of £12.9 million (2017 £10.2 million) relating to permanent establishment risk and challenges by tax authorities. The maximum potential additional exposure to Euromoney in relation to challenges by tax authorities not provided for is approximately £20.0 million which is for the challenge by the Canadian Revenue Agency (CRA) and Quebec Tax Authorities (Revenu Quebec) on a foreign currency trade in 2009. On 23 October 2017, the CRA issued a Notice of Reassessment to BCA Research Inc (BCA) based on the CRA view that the loss sustained by BCA on an intra-group derivative transaction cannot be deducted in computing income. Euromoney is confident that it will be able to set aside these reassessments through the normal litigation process, which has already begun. Nonetheless, BCA has provided satisfactory security for payment to both the CRA and Revenu Québec for 50.0% of the tax owing which amounted to £3.5 million and £3.2 million respectively.

The Group has previously disclosed a potential exposure of £11.0 million relating to an HMRC enquiry into Euromoney's investment in Dealogic of which £2.8 million had been provided in prior periods. Following receipt of a closure notice from HMRC confirming that the tax being pursued is £10.7 million, the associated provision has been increased for accounting purposes to £10.7 million at 30 September 2018. A notice of appeal was filed with HMRC.

12 Dividends paid

	Year ended 30 September 2018 Pence per share	Year ended 30 September 2018 £m	Year ended 30 September 2017 Pence per share	Year ended 30 September 2017 £m
Amounts recognisable as distributions to equity holders in the year				
Ordinary Shares – final dividend for the year ended 30 September 2017	**15.8**	**3.1**	–	–
A Ordinary Non-Voting Shares – final dividend for the year ended 30 September 2017	**15.8**	**52.8**	–	–
Ordinary Shares – final dividend for the year ended 30 September 2016	**–**	**–**	15.3	3.0
A Ordinary Non–Voting Shares – final dividend for the year ended 30 September 2016	**–**	**–**	15.3	50.9
	–	**55.9**	–	53.9
Ordinary Shares – interim dividend for the year ended 30 September 2018	**7.1**	**1.4**	–	–
A Ordinary Non-Voting Shares – interim dividend for the year ended 30 September 2018	**7.1**	**23.7**	–	–
Ordinary Shares – interim dividend for the year ended 30 September 2017	**–**	**–**	6.9	1.4
A Ordinary Non-Voting Shares – interim dividend for the year ended 30 September 2017	**–**	**–**	6.9	23.0
	–	**25.1**	–	24.4
	–	**81.0**	–	78.3

The Board has declared a final dividend of 16.2 pence per Ordinary/A Ordinary Non-Voting Share (2017 15.8 pence) which will absorb an estimated £57.3 million (2017 £55.8 million) of shareholders' equity for which no liability has been recognised in these financial statements. It will be paid on 8 February 2019 to shareholders on the register at the close of business on 7 December 2018.

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13 Adjusted profit

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Profit/(loss) before tax – continuing operations	3	**691.9**	(112.3)
Profit before tax – discontinued operations	19	**–**	14.0
Profit on disposal of discontinued operations including recycled cumulative translation differences	19	**–**	509.3
Adjust for:			
Amortisation of intangible assets in Group profit, including joint ventures and associates, arising on business combinations	3, 7, 19	**32.2**	50.3
Impairment of goodwill and intangible assets arising on business combinations	3, 19	**0.3**	131.7
Impairment of goodwill and intangible assets arising on business combinations of joint ventures and associates	7	**1.5**	13.7
Exceptional operating costs, impairment of internally generated and acquired computer software, property, plant and equipment and investment property	3, 19	**78.9**	167.1
Share of exceptional operating costs of joint ventures and associates	7, 19	**4.9**	6.7
Share of joint ventures' and associates' other gains and losses	7	**(102.9)**	–
Impairment of carrying value of joint ventures and associates	7	**0.8**	4.3
Other gains and losses:			
Impairment of available-for-sale assets	8	**1.8**	0.5
Impairment of held-for-sale-assets	8	**–**	4.1
Profit on disposal of available-for-sale investments	8	**(1.0)**	–
Profit on disposal of businesses, joint ventures, associates, change of control and recycled cumulative translation differences	8,19	**(553.8)**	(21.0)
Profit on disposal of discontinued operations including recycled cumulative translation differences	19	**–**	(509.3)
Finance costs:			
Finance (income)/charge on defined benefit pension schemes	10	**(2.0)**	4.9
Fair value movements including share of joint ventures and associates	(i),10,19	**(1.6)**	(42.8)
Tax:			
Share of tax in joint ventures and associates	7,11	**31.3**	4.9
Adjusted profit before tax and non-controlling interests		**182.3**	226.1
Total tax charge on the profit for the year	11	**(3.7)**	(68.7)
Adjust for:			
Share of tax in joint ventures and associates	7	**(31.3)**	(4.9)
Deferred tax on intangible assets	11	**(22.6)**	(29.6)
Reassessment of temporary differences	11	**–**	108.9
Current tax on foreign exchange tax equalisation contracts	11	**–**	–
Agreement of open issues with tax authorities	11	**–**	–
Tax on other adjusting items	11	**24.4**	(34.7)
Non-controlling interests	(ii)	**0.2**	(0.8)
Adjusted profit after taxation and non-controlling interests		**149.3**	196.3

(i) Fair value movements include movements on undesignated financial instruments, contingent consideration payable and receivable and change in value of acquisition put options.

(ii) The adjusted non-controlling interests' share of losses for the year of £0.2 million (2017 £0.8 million share of profit) is stated after eliminating a credit of £1.0 million (2017 £3.8 million credit), being the non-controlling interests' share of adjusting items.

14 Earnings per share

Basic earnings per share of 194.7 pence (2017 97.8 pence) and diluted earnings per share of 192.4 pence (2017 96.3 pence) are calculated, in accordance with IAS 33, Earnings per share, on Group profit for the financial year of £689.4 million (2017 £345.3 million) as adjusted for the effect of dilutive Ordinary Shares of £nil (2017 £0.1 million) and earnings from discontinued operations of £nil (2017 £519.3 million) and on the weighted average number of Ordinary Shares in issue during the year, as set out below.

As in previous years, adjusted earnings per share have also been disclosed since the Directors consider that this alternative measure gives a more comparable indication of the Group's underlying trading performance. Adjusted earnings per share of 42.2 pence (2017 55.6 pence) are calculated on profit for continuing and discontinued operations before exceptional operating costs, impairment of goodwill and intangible assets, amortisation of intangible assets arising on business combinations, other gains and losses and exceptional financing costs after taxation and non-controlling interests associated with those profits, of £149.3 million (2017 £196.3 million), as set out in Note 13 and on the basic weighted average number of Ordinary Shares in issue during the year.

Basic and diluted earnings per share:

	Year ended 30 September 2018 Diluted earnings £m	Year ended 30 September 2017 Diluted earnings £m	Year ended 30 September 2018 Basic earnings £m	Year ended 30 September 2017 Basic earnings £m
Earnings/(losses) from continuing operations	**689.4**	(174.0)	**689.4**	(174.0)
Effect of dilutive Ordinary Shares	**–**	(0.1)	**–**	–
Earnings from discontinued operations	**–**	519.3	**–**	519.3
	689.4	345.2	**689.4**	345.3
Adjusted earnings from continuing and discontinued operations	**149.3**	196.3	**149.3**	196.3
Effect of dilutive Ordinary Shares	**–**	(0.1)	**–**	–
	149.3	196.2	**149.3**	196.3

	Year ended 30 September 2018 Diluted pence per share	Year ended 30 September 2017 Diluted pence per share	Year ended 30 September 2018 Basic pence per share	Year ended 30 September 2017 Basic pence per share
Earnings/(losses) per share from continuing operations	**192.4**	(48.5)	**194.7**	(49.3)
Effect of dilutive Ordinary Shares	**–**	–	**–**	–
Earnings per share from discontinued operations	**–**	144.8	**–**	147.1
Earnings per share from continuing and discontinued operations	**192.4**	96.3	**194.7**	97.8
Adjusted earnings per share from continuing and discontinued operations	**41.7**	54.7	**42.2**	55.6
Effect of dilutive Ordinary Shares	**–**	–	**–**	–
Adjusted earnings per share from continuing and discontinued operations	**41.7**	54.7	**42.2**	55.6

The weighted average number of Ordinary Shares in issue during the year for the purpose of these calculations is as follows:

	Year ended 30 September 2018 Number m	Year ended 30 September 2017 Number m
Number of Ordinary Shares in issue	**362.1**	362.1
Own shares held	**(8.0)**	(9.0)
Basic earnings per share denominator	**354.1**	353.1
Effect of dilutive share options	**4.3**	5.5
Dilutive earnings per share denominator	**358.4**	358.6

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15 EBITDA and cash generated by operations

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Continuing operations			
Adjusted operating profit	3	**144.9**	179.0
Non-exceptional depreciation charge	3, 19	**27.2**	33.7
Amortisation of internally generated and acquired computer software	3, 22	**32.8**	43.3
Operating profits from joint ventures and associates	7	**74.0**	68.5
Share of charge of depreciation and amortisation of internally generated and acquired computer software of joint ventures and associates		**8.7**	4.0
Dividend income	9	**0.1**	0.1
Discontinued operations			
Adjusted operating profit	19	**–**	19.3
Non-exceptional depreciation charge	19	**–**	0.8
Amortisation of internally generated and acquired computer software	19	**–**	0.9
Share of profits from operations of joint ventures and associates	19	**–**	0.8
EBITDA		**287.7**	350.4
Adjustments for:			
Share-based payments	39, 40	**10.8**	4.1
Loss on disposal of property, plant and equipment		**1.4**	–
Share of profits from joint ventures and associates	7, 19	**(74.0)**	(69.3)
Exceptional operating costs	3	**(20.5)**	(43.4)
Non-cash pension past service cost		**17.3**	–
Dividend income	9	**(0.1)**	(0.1)
Share of depreciation charge of joint ventures and associates		**(8.7)**	(4.0)
(Increase)/decrease in inventories		**(5.7)**	3.6
(Increase)/decrease in trade and other receivables		**(46.5)**	8.0
(Decrease)/increase in trade and other payables		**(10.5)**	0.4
Decrease in provisions		**(1.1)**	(3.9)
Additional payments into pension schemes	35	**(12.8)**	(13.1)
Cash generated by operations		**137.3**	232.7

16 Analysis of net debt

	Note	At 30 September 2017 £m	Cash flow £m	Fair value hedging adjustments Note 10 £m	On disposal of subsidiaries Note 18 £m	Foreign exchange movements £m	Other non-cash movements (i) £m	At 30 September 2018 £m
Cash and cash equivalents	29	14.6	421.6	–	–	1.6	–	**437.8**
Bank overdrafts	29, 33	(7.2)	5.3	–	–	–	–	**(1.9)**
Net cash and cash equivalents		7.4	426.9	–	–	1.6	–	**435.9**
Debt due within one year								
Bonds	33	–	–	–	–	–	(218.7)	**(218.7)**
Loan notes	33	(1.8)	0.1	–	–	–	–	**(1.7)**
Finance lease obligations	33	(0.4)	–	–	0.4	–	–	**–**
Debt due after one year								
Bonds	33	(423.5)	–	2.3	–	–	215.5	**(205.7)**
Bank loans	33	(46.3)	43.7	–	–	2.6	–	**–**
Finance lease obligations	33	(0.5)	–	–	0.5	–	–	**–**
Net cash/(debt) before effect of derivatives		(465.1)	470.7	2.3	0.9	4.2	(3.2)	**9.8**
Effect of derivatives on debt	(ii)	(13.7)	(6.2)	(2.3)	–	(0.2)	–	**(22.4)**
Collateral deposits	28	14.5	(6.5)	–	–	–	–	**8.0**
Other financial assets	28	–	237.3	–	–	–	–	**237.3**
Net cash/(debt)at closing exchange rate		(464.3)	695.3	–	0.9	4.0	(3.2)	**232.7**
Net cash/(debt) at average exchange rate		(482.2)						**234.3**

The net cash inflow of £426.9 million (2017 £10.3 million) includes a cash outflow of £9.7 million (2017 £45.8 million) in respect of operating exceptional items.

(i) Other non-cash movements comprise the unwinding of bond issue discount amounting to £2.9 million (2017 £2.6 million), amortisation of bond issue costs of £0.3 million (2017 £0.3 million) together with the inception of new finance leases of £nil (2017 £0.5 million). Also included is the reclassification of bonds maturing December 2018 of £218.7 million between due within one year and due after more than one year.

(ii) The effect of derivatives on debt is the net currency gain or loss on derivatives entered into with the intention of economically converting the currency borrowings into an alternative currency.

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17 Summary of the effects of acquisitions

On 31 October 2017, the Events and Exhibitions segment acquired 100% of Atticus Events Ltd and Atticus Events MEA Ltd for total consideration of £3.3 million (Atticus). Atticus runs three Hotel Interior Design forum events which take place annually in Europe, Asia and the Middle East.

Atticus contributed £1.9 million to the Group's revenue, £0.7 million to the Group's operating profit and £0.6 million to the Group's profit after tax for the period between the date of acquisition and 30 September 2018.

If the acquisition had been completed on the first day of the financial period, Atticus would have contributed £1.9 million to the Group's revenue, £0.7 million to the Group's operating profit and £0.6 million to the Group's adjusted profit after tax.

On 21 December 2017, the Events and Exhibitions segment acquired 100% of the assets of the following assets, African Construction Expo held annually in Johannesburg, Cape Construction Expo held annually in Cape Town, KwaZulu Natal Construction Expo held annually in Durban, African Ports Evolution Forum held annually in Durban, African Ports Evolution West held annually in Nigeria and Concrete Trends Publication and Concrete TV (Hypenica) for total consideration of £1.3 million.

Hypenica contributed £0.8 million to the Group's revenue, £0.1 million to the Group's operating profit and £0.1 million to the Group's profit after tax for the period between the date of acquisition and 30 September 2018.

If the acquisition had been completed on the first day of the financial period, Hypenica would have contributed £1.1 million to the Group's revenue, £0.1 million to the Group's operating profit and £0.1 million to the Group's adjusted profit after tax.

On 20 May 2018, the Events and Exhibitions segment acquired 50% of Plastex and the controlling voting rights for total consideration of £0.4 million. Plastex is the leading international trade fair dedicated to the plastics and rubber machinery, components, raw materials and chemicals in Africa. The next show will take place in Egypt in January 2020.

Plastex contributed £nil to the Group's revenue, £nil to the Group's operating profit and £nil to the Group's profit after tax for the period between the date of acquisition and 30 September 2018.

If the acquisition had been completed on the first day of the financial period, Plastex would have contributed £0.9 million to the Group's revenue, £0.6 million to the Group's operating profit and £0.6 million to the Group's adjusted profit after tax.

Provisional fair value of net assets acquired with all acquisitions:

	Note	Atticus £m	Hypenica £m	Plastex £m	Other £m	Total £m
Goodwill	21, (i)	2.2	0.8	–	0.2	3.2
Intangible assets	22	1.5	0.7	0.4	–	2.6
Trade and other receivables		0.7	–	–	–	0.7
Cash and cash equivalents		0.3	–	–	–	0.3
Trade and other payables		(1.0)	–	–	–	(1.0)
Corporation tax		(0.1)	–	–	–	(0.1)
Deferred tax	37	(0.3)	(0.2)	–	–	(0.5)
Group share of net assets acquired		**3.3**	**1.3**	**0.4**	**0.2**	**5.2**

Cost of acquisitions:

	Note	Atticus £m	Hypenica £m	Plastex £m	Other £m	Total £m
Cash paid in current year		3.3	1.1	0.4	0.2	5.0
Contingent consideration	36, (ii)	–	0.2	–	–	0.2
Total consideration at fair value		**3.3**	**1.3**	**0.4**	**0.2**	**5.2**

(i) The amount of goodwill which is deductible for the purposes of calculating the Group's tax charge is £nil.

Goodwill arising on these acquisitions is principally attributable to the anticipated profitability relating to the distribution of the Group's products in new and existing markets and anticipated operating synergies from the business combinations.

(ii) The contingent consideration recognised during the period is based on future business valuations and profit multiples and has been estimated using available data forecasts. It is expected to fall due within one year.

The estimated range of undiscounted outcomes for contingent consideration relating to acquisitions in the year is £nil to £0.2 million.

The contingent consideration has been discounted back to current values in accordance with IFRS 3, Business Combinations. In each case, the Group has used acquisition accounting to account for the purchase.

All of the companies acquired during the period contributed £2.7 million to the Group's revenue and £0.6 million to the Group's profit after tax for the period between the date of acquisition and 30 September 2018.

Acquisition-related costs, amounting to £0.1 million, have been charged against profits for the period in the Consolidated Income Statement.

If all acquisitions had been completed on the first day of the period, Group revenues for the period would have been £1,430.3 million and Group profit attributable to equity holders of the parent would have been a profit of £690.6 million. This information takes into account the amortisation of acquired intangible assets together with related income tax effects but excludes any pre-acquisition finance costs and should not be viewed as indicative of the results of operations that would have occurred if the acquisitions had actually been completed on the first day of the period.

Purchase of additional shares in controlled entities:

	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Cash consideration	–	2.1

During the year, the Group acquired additional shares in controlled entities amounting to £nil (2017 £2.1 million).

Reconciliation to purchase of subsidiaries as shown in the Consolidated Cash Flow Statement:

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Cash consideration		**5.0**	0.5
Cash paid to settle contingent consideration in respect of acquisitions	36, (i)	**14.4**	8.2
Cash paid to settle acquisition put options		–	18.0
Cash and cash equivalents acquired with subsidiaries		**(0.3)**	–
Purchase of subsidiaries		**19.1**	26.7

(i) Cash paid to settle contingent consideration in respect of acquisitions includes £1.5 million (2017 £0.3 million) within the Property Information segment, £0.2 million (2017 £0.2 million) within the EdTech segment, £12.5 million (2017 £7.0 million) in the Energy Information segment, £0.2 million (2017 £0.2 million) within the Events and Exhibitions segment and £nil (2017 £0.5 million) in the Euromoney segment.

18 Summary of the effects of disposals

In October 2017, the EdTech segment disposed of the Hobsons Solutions business for total consideration of £1.6 million. This was recognised as held-for-sale in the prior year.

In December 2017, Xceligent, in the property segment, filed for Chapter 7 liquidation. Under US law, a trustee with expertise in liquidating companies was appointed to distribute Xceligent's assets and this business has been treated as closed.

On 5 April 2018 the Property segment reduced its shareholding in SiteCompli to 49.9%, by a transfer of 6.1% of its shareholding to other shareholders pro rata for no consideration. The remaining shareholding has been treated as an associate.

On 20 September 2018 the Energy Information segment disposed of the Locus Energy business for consideration of £16.2 million.

On 13 March 2018 the Property segment disposed of the Environmental Data Resources (EDR) business for consideration of £166.7 million. This was recognised as held-for-sale in the prior year.

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18 Summary of the effects of disposals continued

The impact of the disposal of businesses completed during the period on net assets is as follows:

	Note	Xceligent £m	SiteCompli £m	Locus Energy £m	Other £m	Sub Total £m	Prior year assets held for sale disposed in current year £m	Adjustment on sale of assets held for sale in current year £m	Total £m
Goodwill	21	0.2	0.1	25.9	9.2	35.4	70.9	0.4	106.7
Intangible assets	22	–	–	0.6	0.1	0.7	8.6	(0.1)	9.2
Property, plant and equipment	23	1.6	0.4	0.1	–	2.1	8.7	3.4	14.2
Inventories		–	–	1.4	–	1.4	0.1	–	1.5
Trade and other receivables		1.2	3.5	2.5	0.6	7.8	19.5	11.5	38.8
Cash and cash equivalents		–	–	–	–	–	–	(0.6)	(0.6)
Trade and other payables		(5.7)	(2.7)	(10.4)	(0.2)	(19.0)	(16.8)	(11.5)	(47.3)
Finance leases		(0.9)	–	–	–	(0.9)	–	–	(0.9)
Current tax payable		–	–	0.1	–	0.1	(5.3)	6.8	1.6
Provisions	36	–	(0.4)	–	–	(0.4)	–	–	(0.4)
Deferred tax liabilities	37	2.4	–	2.3	–	4.7	(6.9)	0.1	(2.1)
Net assets/(liabilities) disposed		**(1.2)**	**0.9**	**22.5**	**9.7**	**31.9**	**78.8**	**10.0**	**120.7**
Non–controlling interest share of net assets disposed	40	4.8	(1.1)	–	–	3.7	–	–	3.7
Profit/(loss) on sale of businesses including recycled cumulative exchange differences		(2.7)	(0.5)	(6.3)	(8.9)	(18.4)	–	62.4	44.0
		0.9	**(0.7)**	**16.2**	**0.8**	**17.2**	**78.8**	**72.4**	**168.4**
Satisfied by:									
Cash received		–	–	3.0	0.7	3.7		153.5	157.2
Impact of cashflow hedges		–	–	–	–	–		4.9	4.9
Directly attributable costs paid		(1.2)	(3.7)	–	(1.4)	(6.3)		(7.1)	(13.4)
Fair value of investment in associate	(i)	–	–	13.2	–	13.2		–	13.2
Working capital adjustment cash paid		–	–	–	–	–		(3.7)	(3.7)
Working capital adjustment		–	–	–	(0.2)	(0.2)		–	(0.2)
Recycled cumulative translation differences	39	2.1	3.0	–	1.7	6.8		3.6	10.4
		0.9	**(0.7)**	**16.2**	**0.8**	**17.2**		**151.2**	**168.4**

(i) The investment in AlsoEnergy received as part of the consideration on sale of Locus Energy involves an estimation of the fair value of the Group's equity holding in AlsoEnergy. A 10% increase/(decrease) in the fair value of the Group's stake would decrease/(increase) the loss on sale of Locus Energy by £1.3 million.

Reconciliation to disposal of businesses as shown in the Consolidated Cash Flow Statement:

	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Cash consideration net of disposal costs	**143.8**	247.8
Impact of cashflow hedges	**4.9**	–
Working capital adjustment cash paid	**(3.7)**	–
Cash consideration received in the current year relating to businesses sold in the prior year	**0.7**	–
Cash and cash equivalents disposed with subsidiaries	**0.6**	(32.0)
Proceeds on disposal of businesses	**146.3**	215.8

During the period Hobsons Solutions generated £nil of the Group's net operating cash flows, paid £nil in respect of investing activities and paid £nil in respect of financing activities.

During the period Xceligent absorbed £7.1 million of the Group's net operating cash flows, paid £nil in respect of investing activities and paid £nil in respect of financing activities.

During the period EDR absorbed £0.4 million of the Group's net operating cash flows, paid £3.5 million in respect of investing activities and paid £nil in respect of financing activities.

During the period SiteCompli absorbed £1.1 million of the Group's net operating cash flows, paid £0.1 million in respect of investing activities and paid £nil in respect of financing activities.

During the period Locus Energy absorbed £16.1 million of the Group's net operating cash flows, paid £0.1 million in respect of investing activities and paid £nil in respect of financing activities.

All of the businesses disposed of during the period absorbed £24.7 million of the Group's net operating cash flows, paid £3.7 million in investing activities and paid £nil in financing activities.

The Group's tax charge includes £17.6 million in relation to these disposals.

19 Discontinued operations

In the prior year, the Group announced its intention to reduce its holding in Euromoney from 67.9% to 49.9%, after which Euromoney ceased to be a subsidiary and became an associate. The results of Euromoney up to the point of disposal are included in discontinued operations for the prior year.

The Group's Consolidated Income Statement includes the following results from discontinued operations:

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Revenue	3	–	95.2
Expenses		–	(74.2)
Depreciation	3	–	(0.8)
Amortisation of intangible assets not arising on business combinations	3	–	(0.9)
Adjusted operating profit	3	–	19.3
Exceptional operating costs	3, 13	–	(0.9)
Amortisation of intangible assets arising on business combinations	3, 13	–	(5.4)
Operating profit before share of results of joint ventures and associates		–	13.0
Share of adjusted operating profits from operations of joint ventures and associates		–	0.8
Share of amortisation of intangibles arising on business combinations of associates	13	–	(1.2)
Share of interest payable of associates		–	(0.6)
Share of tax in associates	13	–	0.3
Total operating profit		–	12.3
Other gains and losses	13	–	2.4
Profit before net finance costs and tax	13	–	14.7
Change in present value of acquisition put options		–	(0.7)
Finance costs		–	(0.7)
Profit before tax		–	14.0
Tax charge	11	–	(4.0)
Profit after tax attributable to discontinued operations		–	10.0
Profit on disposal of discontinued operations	13, 18	–	563.4
Recycled cumulative translation differences on disposal of discontinued operations	13, 18	–	(54.1)
Profit attributable to discontinued operations		–	519.3

During the prior period as a subsidiary undertaking Euromoney generated £15.3 million of the Group's net operating cash flows, paid £3.0 million in respect of investing activities and paid £0.8 million in respect of financing activities.

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20 Total assets and liabilities of businesses held for sale

At 30 September 2018 there were no assets and liabilities of businesses held for sale.

At 30 September 2017, the assets and liabilities held-for-sale principally related to EDR, in the Property Information segment and Hobsons Solutions, in the EdTech segment. The main classes of assets and liabilities comprising the operations classified as held for sale are set out in the table below. These assets and liabilities are recorded at their fair value with all losses taken to the Consolidated Income Statement.

	Note	At 30 September 2018 £m	At 30 September 2017 £m
Goodwill	21	–	70.9
Intangible assets	22	–	8.6
Property, plant and equipment	23	–	8.7
Inventories	26	–	0.1
Trade and other receivables	27	–	19.5
Total assets associated with businesses held for sale		–	107.8
Trade and other payables	30	–	(16.8)
Current tax	31	–	(5.3)
Deferred tax	37	–	(6.9)
Total liabilities associated with businesses held for sale		–	(29.0)
Net assets of the disposal group		–	78.8

21 Goodwill

	Note	Goodwill £m
Cost		
At 30 September 2016		1,073.9
Additions		0.4
Disposals		(504.2)
Classified as held for sale	20	(72.7)
Exchange adjustment		8.8
At 30 September 2017		**506.2**
Additions	17	3.2
Disposals	18	(90.6)
Exchange adjustment		3.6
At 30 September 2018		**422.4**

	Note	Goodwill £m
Accumulated impairment losses		
At 30 September 2016		92.3
Impairment	3	117.0
Disposals		(63.6)
Classified as held for sale	20	(1.8)
Exchange adjustment		(0.8)
At 30 September 2017		**143.1**
Impairment	3	0.3
Disposals	18	(54.8)
Exchange adjustment		0.6
At 30 September 2018		**89.2**
Net book value – 2016		981.6
Net book value – 2017		363.1
Net book value – 2018		**333.2**

Goodwill impairment losses recognised in the year amounted to £0.3 million (2017 £117.0 million).

The Group's policy on impairment of goodwill is set out in Note 2.

Further disclosures, in accordance with paragraph 134 of IAS 36, Impairment of assets, are provided where the Group holds an individual goodwill item relating to a cash generating unit (CGU) that is significant, the Group considers this to be the case when the goodwill carrying value of the individual CGU is 15.0% or more of the Group's total carrying value of goodwill or where there is a change in key assumptions that may result in an impairment.

Using this criteria the only significant items of goodwill included in the net book value above relate to Genscape, Landmark and Hobsons.

Following disposals in the period, Genscape goodwill has a carrying value of £65.4 million (2017 £100.5 million) together with intangible assets with a carrying value of £34.8 million (2017 £40.4 million). The recoverable amount of Genscape has been determined using a value in use calculation in line with IAS 36. The methodology applied to the value in use calculations reflects past experience and external sources of information including:

(i) cash flows for the business for the following year derived from budgets for 2019. The Directors believe these to be reasonably achievable;

(ii) subsequent cash flows for two additional years increased in line with growth expectations of the business;

(iii) cash flows beyond the three-year period extrapolated using a long-term nominal growth rate of 3.0%; and

(iv) a pre-tax discount rate of 15.3%

Using the above methodology the recoverable amount exceeded the total carrying value by £10.2 million. For this business the Directors performed a sensitivity analysis on the total carrying value of the CGU. For the recoverable amount to be equal to the carrying value the discount rate would need to be increased by 1.10% to 16.40%, the long-term growth rate would need to be reduced by 0.97% to 2.03%, or the CGU would need to miss budget by 32.6%. In the prior year, the recoverable amount was lower than the carrying value by £140.3 million. Accordingly a goodwill and intangible asset impairment charge was recorded amounting to £140.3 million.

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21 Goodwill continued

Landmark goodwill has a carrying value of £81.5 million (2017 £80.9 million) together with intangible assets with a carrying value of £22.8 million (2017 £22.0 million). The carrying value of Landmark has been determined using a value in use calculation in line with IAS 36. The methodology applied to the value in use calculations reflects past experience and external sources of information including:

(i) cash flows for the business for the following year derived from budgets for 2019. The Directors believe these to be reasonably achievable;

(ii) subsequent cash flows for two additional years increased in line with growth expectations of the business;

(iii) cash flows beyond the three-year period extrapolated using a long-term nominal growth rate of 3.0%; and

(iv) a pre-tax discount rate of 13.3%.

Using the above methodology the recoverable amount exceeded the total carrying value by £175.2 million (2017 £169.9 million). For this business the Directors performed a sensitivity analysis on the total carrying value of the CGU. For the recoverable amount to be equal to the carrying value the discount rate would need to be increased by 10.85% to 24.15% (2017 by 15.47% to 26.47%), the long-term growth rate would need to decline by 23.66% to -20.66% (2017 by 22.69% to -20.69%), or the CGU would need to miss budget by 62.0% (2017 62.4%).

Hobsons goodwill has a carrying value of £71.2 million (2017 £69.6 million) together with intangible assets with a carrying value of £26.1 million (2017 £22.4 million). The carrying value of Hobsons has been determined using a value in use calculation in line with IAS 36. The methodology applied to the value in use calculations reflects past experience and external sources of information including:

(i) cash flows for the business for the following year derived from budgets for 2019. The Directors believe these to be reasonably achievable;

(ii) subsequent cash flows for two additional years increased in line with growth expectations of the business;

(iii) cash flows beyond the three-year period extrapolated using a long-term nominal growth rate of 3.0%; and

(iv) a pre-tax discount rate of 15.3%.

Using the above methodology the recoverable amount exceeded the total carrying value by £9.9 million (2017 £25.2 million). For this business the Directors performed a sensitivity analysis on the total carrying value of the CGU. For the recoverable amount to be equal to the carrying value the discount rate would need to be increased by 1.10% to 16.40% (2017 by 1.96% to 12.96%), the long-term growth rate would need to decline by 1.00% to 2.00% (2017 by 2.23% to 0.77%), or the CGU would need to miss budget by 50.2% (2017 21.3%).

The impairment charge is analysed by major CGU as follows:

CGU	Segment	Goodwill Impairment £m	Intangible asset Impairment £m	Recoverable amount £m	Reason for Impairment charge
RMS (one)	Insurance Risk	–	58.3	–	The insurance market's growing acceptance of cloud computing and demand for a modular approach resulted in the recent decision to re-architect the RMS(one) platform. The RMS(one) platform is now fully impaired. Further detail can be found in the Insurance Risk section of the Operating Business Review.
Other		0.3	0.1	–	
Total		**0.3**	**58.4**	**–**	

Recoverable amounts have been determined using value in use calculations for all of the above CGUs.

22 Other intangible assets

	Note	Publishing rights, mastheads and titles £m	Brands £m	Market- and customer-related databases and customer relationships £m	Computer software (i) £m	Other £m	Total £m
Cost							
At 30 September 2016		275.1	99.3	260.3	492.6	11.2	1,138.5
Additions from business combinations		–	0.1	0.1	0.5	–	0.7
Other additions		–	–	–	0.2	–	0.2
Internally generated		–	–	–	57.7	–	57.7
Disposals		(185.1)	(48.9)	(150.9)	(114.8)	(4.7)	(504.4)
Classified as held for sale	20	(0.2)	(1.2)	(8.0)	(9.0)	–	(18.4)
Transfer from property, plant and equipment	23	–	–	–	(47.1)	–	(47.1)
Exchange adjustment		6.1	(0.8)	4.1	(7.6)	–	1.8
At 30 September 2017		**95.9**	**48.5**	**105.6**	**372.5**	**6.5**	**629.0**
Additions from business combinations	17	–	0.8	1.8	–	–	2.6
Other additions		–	–	–	0.2	–	0.2
Internally generated		–	–	–	19.5	–	19.5
Disposals	18	(2.7)	(0.5)	(3.9)	(56.2)	–	(63.3)
Exchange adjustment		0.5	1.1	0.5	8.1	0.1	10.3
At 30 September 2018		**93.7**	**49.9**	**104.0**	**344.1**	**6.6**	**598.3**

	Note	Publishing rights, mastheads and titles £m	Brands £m	Market- and customer-related databases and customer relationships £m	Computer software (i) £m	Other £m	Total £m
Accumulated amortisation							
At 30 September 2016		197.4	54.5	139.9	242.1	5.4	639.3
Charge for the year	3	4.1	4.2	13.7	52.6	1.5	76.1
Impairment	3	1.0	0.6	10.4	81.7	2.7	96.4
Disposals		(124.4)	(13.9)	(105.6)	(94.8)	(4.9)	(343.6)
Classified as held for sale	20	(0.2)	(1.2)	(3.3)	(5.1)	–	(9.8)
Transfer from property, plant and equipment	23	–	–	–	(41.1)	–	(41.1)
Exchange adjustment		3.1	(1.0)	2.6	(6.2)	0.2	(1.3)
At 30 September 2017		**81.0**	**43.2**	**57.7**	**229.2**	**4.9**	**416.0**
Charge for the year	3	1.3	3.1	7.4	36.4	0.1	48.3
Impairment	3	–	–	–	58.4	–	58.4
Disposals	17, 18	(2.7)	(0.5)	(3.9)	(55.6)	–	(62.7)
Exchange adjustment		0.4	0.9	0.3	5.3	0.2	7.1
At 30 September 2018		**80.0**	**46.7**	**61.5**	**273.7**	**5.2**	**467.1**
Net book value – 2016		77.7	44.8	120.4	250.5	5.8	499.2
Net book value – 2017		14.9	5.3	47.9	143.3	1.6	213.0
Net book value – 2018		**13.7**	**3.2**	**42.5**	**70.4**	**1.4**	**131.2**

(i) Computer software includes purchased and internally generated intangible assets, not forming part of a business combination, as follows:

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22 Other intangible assets continued

	Note	£m
Cost		
At 30 September 2016		414.8
Additions		57.9
Disposals		(88.0)
Analysis reclassifications		(39.5)
Classified as held for sale	20	(7.4)
Exchange adjustment		(7.8)
At 30 September 2017		**330.0**
Additions		19.7
Disposals		(48.0)
Exchange adjustment		7.6
At 30 September 2018		**309.3**
Accumulated amortisation		
At 30 September 2016		210.5
Analysis reclassifications		(33.5)
Charge for the year		44.2
Impairment		57.8
Disposals		(69.5)
Classified as held for sale	20	(4.1)
Exchange adjustment		(5.7)
At 30 September 2017		**199.7**
Charge for the year		32.8
Impairment		58.3
Disposals		(47.1)
Exchange adjustment		4.4
At 30 September 2018		**248.1**
Net book value – 2016		204.3
Net book value – 2017		130.3
Net book value – 2018		**61.2**

The following table analyses intangible assets in the course of construction included in the internally generated intangibles above, on which no amortisation has been charged in the year since they have not been brought into use.

	£m
Cost	
At 30 September 2016	40.4
Additions	18.4
Impairment	(21.9)
Projects completed	(16.9)
Exchange adjustment	(0.5)
At 30 September 2017	**19.5**
Additions	10.3
Projects completed	(15.6)
Exchange adjustment	0.6
At 30 September 2018	**14.8**

The methodologies applied to the Group's CGUs when testing for impairment and details of the above impairment charge are set out in Note 2.

The carrying values of the Group's ten largest intangible assets are further analysed as follows:

	Segment	At 30 September 2018 Carrying value £m	At 30 September 2017 Carrying value £m	At 30 September 2018 Remaining amortisation period Years	At 30 September 2017 Remaining amortisation period Years
DIIG customer relationships	Property	**19.0**	22.8	**6.0**	7.0
Genscape intellectual property	Energy	**8.9**	9.8	**7.5**	8.5
Instant Services customer relationships	Property	**7.7**	8.7	**7.5**	8.5
Genscape tradenames	Energy	**4.7**	5.2	**6.6**	7.6
Landmark valuation hub technology platform*	Property	**4.7**	2.4	**–**	–
Genscape real time power platform	Energy	**4.3**	5.3	**3.8**	4.8
Petrotranz proprietary knowledge	Energy	**3.8**	4.5	**6.1**	7.1
Estate Technical Solutions customer relationships	Property	**3.6**	4.1	**6.4**	7.4
Hobsons naviance modernisation	EdTech	**3.5**	2.5	**4.6**	5.6
Starfish customer relationships	EdTech	**3.3**	3.7	**7.0**	8.0

* Not yet in use.

23 Property, plant and equipment

	Note	Freehold properties £m	Long leasehold properties £m	Short leasehold properties £m	Plant and equipment £m	Total £m
Cost						
At 30 September 2016		57.9	1.7	42.7	335.6	437.9
Additions		–	0.2	1.9	19.0	21.1
Disposals		–	(0.1)	(0.1)	(10.4)	(10.6)
Classified as held for sale	20	–	–	–	(27.5)	(27.5)
Owned by subsidiaries disposed		–	(1.3)	(16.3)	(27.1)	(44.7)
Transfers to intangible fixed assets	22	–	–	–	47.1	47.1
Reclassifications		–	–	(1.6)	1.6	–
Exchange adjustment		–	0.1	(0.3)	(1.8)	(2.0)
At 30 September 2017		**57.9**	**0.6**	**26.3**	**336.5**	**421.3**
Additions		4.7	0.1	0.5	25.1	30.4
Disposals		(21.7)	–	(0.7)	(53.5)	(75.9)
Owned by subsidiaries disposed	18	–	(0.3)	(0.2)	(8.7)	(9.2)
Reclassifications		(0.1)	–	(5.6)	5.6	(0.1)
Exchange adjustment		(0.4)	(0.4)	0.4	2.1	1.7
At 30 September 2018		**40.4**	**–**	**20.7**	**307.1**	**368.2**

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23 Property, plant and equipment continued

	Note	Freehold properties £m	Long leasehold properties £m	Short leasehold properties £m	Plant and equipment £m	Total £m
Accumulated depreciation and impairment						
At 30 September 2016		14.2	0.7	25.2	221.7	261.8
Charge for the year	3	1.9	0.1	2.8	29.7	34.5
Impairment		22.4	–	0.6	19.0	42.0
Impairment of assets held for sale		–	–	–	0.4	0.4
Disposals		–	(0.1)	(0.1)	(9.8)	(10.0)
Classified as held for sale	20	–	–	–	(18.8)	(18.8)
Owned by subsidiaries disposed		–	(0.6)	(9.3)	(21.4)	(31.3)
Transfers to intangible fixed assets		–	–	–	41.1	41.1
Reclassifications		–	–	(1.5)	1.5	–
Exchange adjustment		0.1	(0.1)	–	(1.7)	(1.7)
At 30 September 2017		**38.6**	**–**	**17.7**	**261.7**	**318.0**
Charge for the year	3	1.2	–	2.3	23.7	27.2
Disposals		(21.7)	–	(0.7)	(52.0)	(74.4)
Owned by subsidiaries disposed	18	–	–	(0.1)	(3.6)	(3.7)
Reclassifications		(1.3)	–	(5.3)	6.7	0.1
Exchange adjustment		–	–	0.4	0.9	1.3
At 30 September 2018		**16.8**	**–**	**14.3**	**237.4**	**268.5**
Net book value – 2016		43.7	1.0	17.5	113.9	176.1
Net book value – 2017		19.3	0.6	8.6	74.8	103.3
Net book value – 2018		**23.6**	**–**	**6.4**	**69.7**	**99.7**

24 Investments in joint ventures and associates

	Note	Cost of shares £m	Share of post-acquisition retained reserves £m	Total £m
Joint ventures				
At 30 September 2016		19.7	(14.9)	4.8
Reclassification		1.0	(1.0)	–
Additions – cash		0.3	–	0.3
Disposals	(i)	(10.5)	10.5	–
Owned by subsidiaries disposed		(4.7)	4.5	(0.2)
Share of retained reserves	7	–	(0.5)	(0.5)
Dividends received	(ii)	–	(0.6)	(0.6)
Impairment	7	(3.3)	–	(3.3)
Exchange adjustment		0.3	(0.6)	(0.3)
At 30 September 2017		**2.8**	**(2.6)**	**0.2**
Disposals	(iii)	(1.1)	0.7	(0.4)
Share of retained reserves	7	–	(3.3)	(3.3)
Dividends received	(iv)	–	(0.5)	(0.5)
Reclassification from other financial assets		5.1	–	5.1
Exchange adjustment		0.1	(0.2)	(0.1)
At 30 September 2018		**6.9**	**(5.9)**	**1.0**

(i) During the prior period, the Group the Group disposed of Mail Today Newspapers Pte Ltd in the Consumer Media segment.

(ii) During the prior period, the Group received dividends from Decision First Ltd in the Property Information segment.

(iii) During the period, the Group disposed of Artirix in the Consumer Media segment.

(iv) During the period, the Group received dividends from Decision First Ltd and from HypoPort On-Geo GmbH in the Property Information segment.

Summary aggregated financial information for the Group's joint ventures, extracted on a 100% basis from the joint ventures' own financial information, is set out below:

Year ended 30 September 2018	Revenue £m	Operating (loss)/profit £m	Total expenses £m	(Loss)/profit for the year £m	Total comprehensive (expense)/income £m
Property Information	**9.9**	**0.9**	**(9.2)**	**0.7**	**0.7**
Consumer Media	**9.8**	**(8.8)**	**(18.6)**	**(8.8)**	**(8.8)**
	19.7	**(7.9)**	**(27.8)**	**(8.1)**	**(8.1)**

At 30 September 2018	Current assets £m	Total assets £m	Current liabilities £m	Total liabilities £m	Net assets £m
Property Information	**4.8**	**4.8**	**(1.9)**	**(1.9)**	**2.9**
Consumer Media	**19.6**	**19.6**	**(6.1)**	**(6.1)**	**13.5**
	24.4	**24.4**	**(8.0)**	**(8.0)**	**16.4**

Year ended 30 September 2017	Revenue £m	Operating (loss)/profit £m	Total expenses £m	(Loss)/profit for the year £m	Total comprehensive (expense)/income £m
Property Information	10.9	1.6	(9.5)	1.4	1.4
Consumer Media	–	(1.9)	(1.9)	(1.9)	(1.9)
	10.9	(0.3)	(11.4)	(0.5)	(0.5)

At 30 September 2017	Non-current assets £m	Current assets £m	Total assets £m	Current liabilities £m	Total liabilities £m	Net assets/ (liabilities) £m
Property Information	0.6	3.1	3.7	(1.6)	(1.6)	2.1
Consumer Media	–	–	–	(1.9)	(1.9)	(1.9)
	0.6	3.1	3.7	(3.5)	(3.5)	0.2

At 30 September 2018 the Group's joint ventures had capital commitments amounting to £nil (2017 £nil). There were no material contingent liabilities (2017 none).

Information on principal joint ventures:

	Segment	Principal activity	Year ended	Description of holding	Group interest %
Unlisted					
The Sanborn Map Company, Inc. (incorporated and operating in the US)	Energy Information	Photogrammetric mapping and GIS data conversion	30 September 2018	Preferred stock	49.00
Knowlura, Inc. (incorporated and operating in the US)	EdTech	Provider of online educational services	30 September 2018	Common	50.00
Daily Mail On-Air LLC (DailyMailTV) (incorporated and operating in the US)	Consumer Media	Producer of DailyMailTV	30 September 2018	Membership interests	50.00

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24 Investments in joint ventures and associates continued

	Note	Cost of shares £m	Share of post-acquisition retained reserves £m	Total £m
Associates				
At 30 September 2016		161.4	(16.1)	145.3
Reclassification		0.2	(0.2)	–
Additions – cash		2.0	–	2.0
Additions – non cash Euromoney		613.1	–	613.1
Additions – non cash		0.2	–	0.2
Share of retained reserves	7	–	11.3	11.3
Dividends received	(i)	–	(35.3)	(35.3)
Impairment	7	(1.0)	–	(1.0)
Deemed disposal of investment in associates	8	18.0	–	18.0
Transfer from available-for-sale investments	25	1.4	–	1.4
Transfer from derivatives		10.2	–	10.2
Disposals	(ii)	(0.6)	0.7	0.1
Owned by subsidiaries disposed	18	(32.4)	2.6	(29.8)
Exchange adjustment		(1.2)	0.9	(0.3)
At 30 September 2017		**771.3**	**(36.1)**	**735.2**
Additions – cash		1.8	–	1.8
Additions – non cash	(iii)	15.6	–	15.6
Share of retained reserves	7	–	137.2	137.2
Dividends received	(i)	–	(22.6)	(22.6)
Impairment	7	(0.8)	–	(0.8)
Deemed disposal of investment in associates	8	0.7	–	0.7
Transfer from available-for-sale investments	25	29.4	–	29.4
Disposals	(iv)	(95.9)	(32.9)	(128.8)
Exchange adjustment		1.4	0.4	1.8
At 30 September 2018		**723.5**	**46.0**	**769.5**

The cumulative unrecognised share of losses of the Group's associates principally comprises £17.4 million (2017 £23.5 million) in relation to the Group's investment in ITN.

During the year the Group reduced its shareholding in SiteCompli to 49.9%. Accordingly the Group lost control and has recognised SiteCompli as an associate held centrally.

Joint ventures and associates have been accounted for under the equity method using unaudited financial information to 30 September 2018.

(i) Dividends received in the current and prior period principally relate to the Group's investments in ZPG (2018 £5.0 million, 2017 £7.3 million) in the Consumer Media segment, Euromoney (2018 £17.1 million, 2017 £18.8 million) in the Euromoney segment and RGJ Destiny LLC (2018 £nil, 2017 £9.2 million) held centrally.

(ii) During the prior period the Group disposed of its investment in Clipper Data in the Energy Information segment and Fortunegreen, IntoStuff and Spaceway Storage Services UK in the Consumer Media segment.

(iii) During the period the Energy Information segment disposed of its investment in Locus Energy, Inc. in exchange for £3.0 million cash consideration together with a 17.9% ownership share of AlsoEnergy Holdings, Inc. (Also), representing 20.0% of Also voting rights. In addition the Group has representation on the Also Board. As a result the Group has significant influence over Also and has treated the stake in Also as an associated undertaking.

(iv) During the period the Group disposed of its investment in Shopcreator, Social metrix, Carsping Ltd and ZPG plc in the Consumer Media segment and RGJ Destiny LLC held centrally.

Summary aggregated financial information for the Group's associates, extracted on a 100% basis from the associates' own financial information is set out below:

Year ended 30 September 2018	Revenue £m	Operating profit/(loss) £m	Total expenses £m	Profit/(loss) for the year £m	Other comprehensive income £m	Total comprehensive income/(expense) £m
Insurance Risk	5.0	1.8	(7.1)	(2.1)	–	(2.1)
Property Information	1.8	(4.1)	(5.9)	(4.1)	–	(4.1)
Energy Information	1.4	(8.2)	(9.8)	(8.4)	–	(8.4)
Events and Exhibitions	1.0	(0.1)	(1.1)	(0.1)	–	(0.1)
Consumer Media	–	(3.2)	(3.2)	(3.2)	–	(3.2)
Centrally held	560.4	139.1	(389.1)	171.3	28.7	200.0
	569.6	125.3	(416.2)	153.4	28.7	182.1

At 30 September 2018	Non-current assets £m	Current assets £m	Total assets £m	Current liabilities £m	Non-current liabilities £m	Total liabilities £m	Net assets/(liabilities) £m
Insurance Risk	2.8	7.6	10.4	(1.1)	–	(1.1)	9.3
Property Information	0.1	2.8	2.9	(1.6)	–	(1.6)	1.3
Events and Exhibitions	–	0.3	0.3	(0.3)	–	(0.3)	–
Consumer Media	–	–	–	(3.2)	–	(3.2)	(3.2)
Centrally held	639.3	249.0	888.3	(304.5)	(151.6)	(456.1)	432.2
	642.2	259.7	901.9	(310.7)	(151.6)	(462.3)	439.6

Year ended 30 September 2017	Revenue £m	Operating profit/(loss) £m	Total expenses £m	Profit/(loss) for the year £m	Other comprehensive income £m	Total comprehensive income/(expense) £m
Insurance Risk	3.8	(2.8)	(7.5)	(3.7)	–	(3.7)
Property Information	2.5	(4.9)	(7.4)	(4.9)	–	(4.9)
Energy Information	1.5	(7.8)	(9.5)	(8.0)	–	(8.0)
Events and Exhibitions	1.6	0.1	(1.5)	0.1	–	0.1
Consumer Media	157.7	(37.7)	(169.8)	(12.1)	1.1	(11.0)
Centrally held	642.7	132.5	(564.0)	78.7	3.5	82.2
	809.8	79.4	(759.7)	50.1	4.6	54.7

At 30 September 2017	Non-current assets £m	Current assets £m	Total assets £m	Current liabilities £m	Non-current liabilities £m	Total liabilities £m	Net assets/(liabilities) £m
Insurance Risk	3.1	6.5	9.6	(1.3)	(4.7)	(6.0)	3.6
Property Information	0.1	6.1	6.2	(2.6)	–	(2.6)	3.6
Events and Exhibitions	–	0.3	0.3	(0.2)	–	(0.2)	0.1
Consumer Media	9.7	101.6	111.3	(20.7)	(203.2)	(223.9)	(112.6)
Centrally held	1,167.1	209.3	1,376.4	(374.2)	(454.1)	(828.3)	548.1
	1,180.0	323.8	1,503.8	(399.0)	(662.0)	(1,061.0)	442.8

At 30 September 2018 the Group's associates had capital commitments amounting to £nil (2017 £nil). Further details of the contingent liabilities of Euromoney amounting to £15.5 million (2017 £14.7 million) can be found in Note 41.

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24 Investments in joint ventures and associates continued
Information on principal associates:

	Segment	Note	Principal activity	Year ended	Description of holding	Group interest %
Listed						
Euromoney Insititutional Investor PLC (incorporated and operating in the UK)	Euromoney	(i)	Provider of information focused on the global asset management, capital markets and commodities sectors	30 September 2018	Ordinary	49.80
Unlisted						
LineVision, Inc. (incorporated and operating in the US)	Energy Information	(ii)	Provider of transmission line monitoring and asset management for utilities	31 December 2018	Series A	55.90
Excalibur Holdco Ltd (incorporated and operating in the UK)	Consumer Media		Operator of online discount businesses	30 September 2018	B Ordinary	23.90
Real Capital Analytics, Inc. (incorporated and operating in the US)	Centrally held		Provider of real estate information	30 September 2018	Preferred stock	39.73
Independent Television News Ltd (incorporated and operating in the UK)	Consumer Media		Independent TV news provider	31 December 2017	Ordinary	20.00
Praedicat, Inc. (incorporated and operating in the US)	Insurance Risk		Provision of catastrophe risk analytics	30 September 2018	Preferred stock	25.93
Yopa Property Ltd (incorporated and operating in the UK)	Centrally held		Online property portal	31 December 2017	Ordinary D	25.80

(i) The market value of the Group's investment in Euromoney at 30 September 2018 was £720.7 million (2017 £627.0 million). The Group does not have the power to control the majority of shareholder voting rights nor the Board of Directors. With an effective interest of 49.8% the Group has treated this investment as an associated undertaking.

(ii) Since the Group's share of voting rights in the investment in LineVision, Inc. is 49%, the Group does not have significant control therefore the investment has been treated as an associated undertaking.

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Summary financial information for Euromoney, extracted on a 100% basis from Euromoney's own financial statements, for the year to 30 September 2018 is set out below:

	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Revenue	**390.3**	386.9
Depreciation and amortisation	**(29.0)**	(28.0)
Profit from continuing operations	**161.9**	43.4
Share of results in joint ventures and associates	**0.2**	(1.9)
Interest income	**5.2**	3.3
Interest expense	**(6.0)**	(4.1)
Tax charge	**(51.4)**	(3.4)
Post-tax profit from discontinued operations	**91.3**	5.9
Post tax profit from operations	**201.2**	43.2
Other comprehensive income	**28.7**	3.5
Total comprehensive income	**229.9**	46.7
	At 30 September 2018 £m	**At 30 September 2017 £m**
Non-current assets	**615.6**	648.8
Cash and cash equivalents	**78.3**	4.4
Other current assets	**87.4**	123.4
Total assets	**781.3**	776.6
Current liabilities	**(245.3)**	(267.5)
Non-current liabilities	**(42.4)**	(212.3)
Total liabilities	**(287.7)**	(479.8)
Net assets	**493.6**	296.8
Group interest (49.8%, 2017 49.9%)	**245.8**	148.1
Goodwill and intangibles carrying value	**450.5**	449.8
Group carrying value	**696.3**	597.9

25 Available for sale investments

	Note	Unlisted £m
At 30 September 2016		15.8
Additions – cash		19.4
Additions – non cash	18	3.4
Owned by subsidiaries disposed	18	(5.8)
Transfer to investment in associates	24	(1.4)
Impairment charge	8	(0.5)
Exchange adjustment		(0.3)
At 30 September 2017		**30.6**
Additions – cash		19.3
Additions – non cash, conversion of loan note		1.5
Transfer to investment in associates	24, (i)	(29.4)
Impairment charge	8	(1.8)
Exchange adjustment		0.2
At 30 September 2018		**20.4**

The investments above represent unlisted securities, which are recorded as non-current assets unless they are expected to be sold within one year, in which case they are recorded as current assets. Since there is no active market upon which they are traded, unlisted securities are recorded at cost less provision for impairment, as their fair values cannot be reliably measured.

(i) During the period, the Group acquired an additional interest in Yopa Ltd, taking its overall holding to 25.8%. By virtue of the Group's board representation and shareholder rights the Group now has significant influence over Yopa Ltd and has treated this investment as an associate (see Note 24).

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25 Available for sale investments continued

Available-for-sale investments are analysed as follows:

	Note	Class of Holding	Group interest %	At 30 September 2018 £m	At 30 September 2017 £m
Unlisted					
Brit Media, Inc. (incorporated and operating in the US)	(i)	Ordinary	9.1	**6.2**	5.3
BDG Media, Inc. (incorporated and operating in the US)	(ii)	Common Stock	3.2	**4.9**	3.2
Hambro Perks Ltd (incorporated and operating in the UK)	(iii)	Ordinary	3.1	**2.0**	–
Taboola.com Ltd (incorporated and operating in Israel)	(iv)	Ordinary	0.4	**2.0**	2.0
Cue Ball Capital LP (incorporated and operating in the US)	(v)	Limited Partner	2.5	**1.5**	1.4
Evening Standard Ltd (incorporated and operating in the UK)	(vi)	Ordinary	10.0	**1.1**	0.3
Kortext Ltd (incorporated and operating in the UK)	(vii)	Ordinary	2.4	**0.7**	–
CompStak, Inc. (incorporated and operating in the US)	(viii)	Ordinary	2.0	**0.5**	0.5
Live Better With Ltd (incorporated and operating in the UK)	(ix)	Ordinary	0.5	**0.5**	–
Other				**1.0**	17.9
				20.4	30.6

(i) Brit Media, Inc. owns and operates an online media and e-commerce platform that provides tools to teach, inspire, and enable creativity among women and girls.

(ii) BDG Media, Inc. operates a website with news, entertainment, fashion and beauty, books and lifestyle content.

(iii) Hambro Perks Ltd is a growth investment firm.

(iv) Taboola.com Ltd provides a content marketing platform that provides a web widget to content creators on their website to show contents that include relevant links within the site and from other publishers.

(v) Cue Ball Capital LP is a venture capital and private equity firm specialising in start-ups, early-stage, mid-venture, growth equity scale-ups and buy-out investments.

(vi) Evening Standard Ltd publishes a weekday newspaper, distributed for free throughout Greater London.

(vii) Kortext Ltd provides a digital learning platform and supplies digital textbooks.

(viii) CompStak, Inc. provides commercial real estate information to brokers, appraisers, researchers, landlords, lenders and investors.

(ix) Live Better With Ltd provides a range of products to help improve the quality of day-to-day life for cancer patients.

Interest analysis of available-for-sale investments is as follows:

	At 30 September 2018 £m	At 30 September 2017 £m
Non-interest bearing	**20.4**	30.6

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26 Inventories

	Note	At 30 September 2018 £m	At 30 September 2017 £m
Raw materials and consumables		**6.9**	7.5
Work in progress		**24.6**	17.6
Finished goods		**–**	1.6
		31.5	26.7
Classified as held for sale	20	**–**	(0.1)
		31.5	26.6

27 Trade and other receivables

	Note	At 30 September 2018 £m	At 30 September 2017 £m
Current assets			
Trade receivables		**182.5**	170.4
Allowance for doubtful debts		**(5.1)**	(5.1)
		177.4	165.3
Prepayments and accrued income		**69.7**	72.2
Other receivables		**17.2**	18.8
		264.3	256.3
Classified as held for sale	20	**–**	(19.5)
		264.3	236.8
Non-current assets			
Trade receivables		**3.0**	3.6
Prepayments and accrued income		**2.6**	1.3
Interest receivable		**5.4**	–
Other receivables		**16.3**	15.6
		27.3	20.5
		291.6	257.3

Movement in the allowance for doubtful debts is as follows:

	At 30 September 2018 £m	At 30 September 2017 £m
At start of year	**(5.1)**	(16.1)
Impairment losses recognised	**(4.3)**	(4.3)
Amounts written off as uncollectable	**1.8**	6.6
Amounts recovered during the year	**0.3**	0.8
Owned by subsidiaries disposed	**2.5**	7.9
Exchange adjustment	**(0.3)**	–
At end of year	**(5.1)**	(5.1)

In determining the allowance for doubtful debts the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the period end date.

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27 Trade and other receivables continued

Ageing of impaired trade receivables:

	At 30 September 2018 £m	At 30 September 2017 £m
0 – 30 days	**0.6**	0.2
31 – 60 days	**0.2**	0.1
61 – 90 days	**0.5**	0.1
91 – 120 days	**0.4**	0.2
121+ days	**3.4**	4.5
Total	**5.1**	5.1

Included in the Group's trade receivables are debtors with a carrying value of £70.8 million (2017 £94.8 million) which are past due at 30 September 2018 for which no allowance has been made. The Group is not aware of any deterioration in the credit quality of these customers and considers that the amounts are still recoverable.

Ageing of past due but not impaired receivables is as follows:

	At 30 September 2018 £m	At 30 September 2017 £m
1 – 30 days overdue	**28.5**	32.3
31 – 60 days overdue	**12.0**	9.8
61 – 90 days overdue	**9.1**	34.3
91+ days overdue	**21.2**	18.4
Total	**70.8**	94.8

The carrying amount of trade and other receivables approximates to their fair value.

28 Other financial assets

	Note	At 30 September 2018 £m	At 30 September 2017 £m
Current assets			
Collateral	(i)	**8.0**	14.5
Cash deposits	(ii)	**237.3**	–
		245.3	14.5
Non-current assets			
Loans to associates and joint ventures		**18.4**	15.5
		18.4	15.5

(i) The Group deposits collateral with its bank counterparties with whom it has entered into a credit support annex to an ISDA (International Swaps and Derivatives Association) Master Agreement. This represents cash that cannot be readily used in operations.

(ii) Represents cash deposits held with the Group's bank counterparties with an original maturity date of three months or more. As required by IAS 7, Statement of Cash Flows, these have been classified within other financial assets.

29 Cash and cash equivalents

	Note	At 30 September 2018 £m	At 30 September 2017 £m
Cash and cash equivalents		**437.8**	14.6
Unsecured bank overdrafts	33	**(1.9)**	(7.2)
Cash and cash equivalents in the cash flow statement	16	**435.9**	7.4
Analysis of cash and cash equivalents by currency:			
Sterling		**333.9**	0.9
US dollar		**89.4**	2.9
Australian dollar		**0.2**	0.2
Canadian dollar		**0.8**	0.4
Euro		**5.4**	3.7
Other		**8.1**	6.5
		437.8	14.6
Analysis of cash and cash equivalents by interest type:			
Floating rate interest		**2.0**	14.6
Fixed rate interest		**435.8**	–
		437.8	14.6

The carrying amount of cash and cash equivalents equates to their fair values.

30 Trade and other payables

	Note	At 30 September 2018 £m	At 30 September 2017 £m
Current liabilities			
Trade payables		**39.9**	83.1
Interest payable		**14.2**	14.2
Other taxation and social security		**10.8**	10.7
Other creditors		**8.1**	13.5
Accruals		**185.5**	154.8
Deferred income		**234.4**	243.2
		492.9	519.5
Classified as held-for-sale	20	**–**	(16.8)
		492.9	502.7
Non-current liabilities			
Other creditors		**2.0**	2.9
		494.9	505.6

The carrying amount of trade and other payables approximates to their fair value.

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31 Current tax

	Note	At 30 September 2018 £m	At 30 September 2017 £m
Corporation tax payable		**6.1**	7.0
Classified as held for sale	20	**–**	(5.3)
		6.1	1.7
Corporation tax receivable		**(5.4)**	(9.6)
		0.7	(7.9)

32 Acquisition put option commitments

	At 30 September 2018 £m	At 30 September 2017 £m
Current	**0.6**	0.6
Non-current	**7.6**	7.4
	8.2	8.0

The carrying amount of put option commitments approximates to their fair value.

33 Borrowings

The Group's borrowings are unsecured and are analysed as follows:

	Overdrafts £m	Bank loans £m	Bonds £m	Loan notes £m	Finance leases £m	Total £m
At 30 September 2018						
Within one year	**1.9**	**–**	**218.7**	**1.7**	**–**	**222.3**
Between two and five years	**–**	**–**	**9.1**	**–**	**–**	**9.1**
Over five years	**–**	**–**	**196.6**	**–**	**–**	**196.6**
	–	**–**	**205.7**	**–**	**–**	**205.7**
	1.9	**–**	**424.4**	**1.7**	**–**	**428.0**
At 30 September 2017						
Within one year	7.2	–	–	1.8	0.4	9.4
Between one and two years	–	–	216.2	–	0.3	216.5
Between two and five years	–	46.3	10.0	–	0.2	56.5
Over five years	–	–	197.3	–	–	197.3
	–	46.3	423.5	–	0.5	470.3
	7.2	46.3	423.5	1.8	0.9	479.7

The Group's borrowings are analysed by currency and interest rate type as follows:

	Sterling £m	US dollar £m	Euro £m	Total £m
At 30 September 2018				
Fixed rate interest	**424.4**	**–**	**–**	**424.4**
Floating rate interest	**0.3**	**3.1**	**0.2**	**3.6**
	424.7	**3.1**	**0.2**	**428.0**
At 30 September 2017				
Fixed rate interest	423.5	0.9	–	424.4
Floating rate interest	28.2	27.1	–	55.3
	451.7	28.0	–	479.7

The Group's borrowings, analysed by currency and interest rate type, adjusting the principal borrowed and interest rate type by the notional amount of interest rate swaps and by the notional amount of currency derivatives, are as follows:

	Sterling £m	US dollar £m	Euro £m	Total £m
At 30 September 2018				
Fixed rate interest	**317.1**	**320.7**	**–**	**637.8**
Floating rate interest	**(11.6)**	**(198.3)**	**0.1**	**(209.8)**
	305.5	**122.4**	**0.1**	**428.0**
At 30 September 2017				
Fixed rate interest	214.7	334.5	–	549.2
Floating rate interest	(71.3)	1.8	–	(69.5)
	143.4	336.3	–	479.7

Committed borrowing facilities

During the period, the Group renewed its committed bank facilities for a further five-year term. The terms of the new facilities are substantially the same as those of the previous facilities.

The Group's bank loans bear interest charged at LIBOR plus a margin. The margin varies by bank and is based on the Group's ratio of net debt to EBITDA or the Group's credit rating. EBITDA for these purposes is defined as the aggregate of the Group's consolidated operating profit including share of results of joint ventures and associates before deducting depreciation, amortisation and impairment of goodwill, intangible and tangible assets, before exceptional items and before interest and finance charges, and is shown in Note 34.

The Group's total committed bank facilities amount to £431.2 million. Of these facilities £205.0 million are denominated in sterling and £226.2 million (US$294.0 million) are denominated in US dollars. Drawings are permitted in all major currencies.

The Group's committed bank facilities analysed by maturity are as follows:

	At 30 September 2018 £m	At 30 September 2017 £m
Expiring in more than one year but not more than two years	**–**	611.4
Expiring in more than four years but not more than five years	**431.2**	–
Total bank facilities	**431.2**	611.4

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33 Borrowings continued

The following undrawn committed borrowing facilities were available to the Group in respect of which all conditions precedent had been met:

	At 30 September 2018 £m	At 30 September 2017 £m
Expiring in more than one year but not more than two years	**–**	565.1
Expiring in more than four years but not more than five years	**431.2**	–
Total undrawn committed bank facilities	**431.2**	565.1

The Group has issued standby letters of credit amounting to £3.3 million (2017 £3.5 million).

Bonds

The nominal, carrying and fair values of the Group's bonds and the coupons payable are as follows:

Maturity	Annual coupon %	At 30 September 2018 Fair value £m	At 30 September 2017 Fair value £m	At 30 September 2018 Carrying value £m	At 30 September 2017 Carrying value £m	At 30 September 2018 Nominal value £m	At 30 September 2017 Nominal value £m
7 December 2018	5.75	**220.2**	229.4	**218.7**	216.2	**218.5**	218.5
9 April 2021	10.00	**8.4**	9.0	**9.1**	10.0	**7.2**	7.2
21 June 2027	6.375	**228.8**	235.8	**196.6**	197.3	**200.0**	200.0
		457.4	474.2	**424.4**	423.5	**425.7**	425.7

The Group's bonds have been adjusted from their nominal values to take account of the premia, direct issue costs, discounts and movements in hedged risks. The issue costs, premia and discounts are being amortised over the expected lives of the bonds using the effective interest method. The unamortised issue costs amount to £0.6 million (2017 £0.9 million) and the unamortised premia £1.2 million (2017 £4.1 million).

The fair value of the Group's bonds have been calculated on the basis of quoted market rates.

Further details of the Group's borrowing arrangements are set out in the Financial Review.

Loan notes

The Group has issued loan notes which attract interest at 3.0%. The loan notes are repayable at the option of the loan note holders with a six-month notice period and are treated as current liabilities.

34 Financial instruments and risk management

The Group is exposed to credit, interest rate and currency risks arising in the normal course of business. Derivative financial instruments are used to manage exposures to fluctuations in foreign currency exchange rates and interest rates but are not employed for speculative purposes.

Capital risk management

The Group manages its capital, defined as equity shareholders' funds and net borrowings, to ensure that entities in the Group are able to continue as going concerns for the foreseeable future.

Debt management

The Group borrows on an unsecured basis and arranges its debt to ensure an appropriate maturity profile. The Group's principal sources of funding are the long-term sterling bond market and committed bank facilities. The Group is mindful of its credit rating, currently BB+ with Standard & Poor's and BBB- with Fitch and ensures it has sufficient committed bank facilities in order to meet short-term business requirements, after taking into account the Group's holding of cash and cash equivalents together with any distribution restrictions which exist. The Group aims to maximise the term and flexibility of indebtedness and retain headroom in the form of undrawn committed bank facilities of approximately £100.0 million. Additionally, the Group arranges its currency borrowings in order that they are in proportion to the ratio of earnings in that particular currency to total Group earnings.

The Directors consider that the Group's bond issuances together with its bank facilities are sufficient to cover the likely medium-term cash requirements of the Group.

Associates, joint ventures and other investments in general arrange and maintain their own financing and funding requirements. In all cases such financing is on a non-recourse basis to the Company.

Whilst the Group's internal target of a 12-month rolling net debt to EBITDA ratio of no greater than 2.0 times at any point, the limit imposed by its bank covenants is no greater than 3.50 times together with a minimum interest cover ratio of 3.0 times measured in March and September. These covenants were met at the relevant testing dates during the year. The bank covenant ratio uses the average exchange rate in the calculation of net debt. Excluding cash deposits with an original maturity of more than three months amounting to £237.3 million, the resultant net debt to EBITDA ratio is 0.01 times (2017 1.38 times). Using a closing rate basis for the valuation of net cash, the ratio was 0.02 times (2017 1.33 times).

Cash and liquidity risk management

The Group monitors its cash balances to ensure that sufficient resources are available to meet operational requirements as they fall due. Short-term money market deposits are used to manage liquidity whilst maximising the rate of return on cash resources, giving due consideration to credit risk. A detailed maturity analysis of both derivative and non-derivative financial instruments are analysed in the table on page 155 of this note.

Market risk management

The Group's primary market risks are interest rate fluctuations and exchange rate movements.

Interest rate risk management

The limit imposed by the Group's bank covenants is at least 3.0 times EBITDA to net interest. The actual ratio for the year was 9.28 times (2017 10.07 times).

Group debt is largely comprised of floating rate sterling (GBP) and US dollar (USD) bank borrowings and fixed GBP bond debt.

The Group's interest rate exposure management policy is aimed at reducing the exposure of the consolidated businesses to changes in interest rates. Group policy is to have 70.0% to 80.0% of interest rate exposures fixed with the balance floating.

This is achieved by issuing fixed rate GBP bond debt and entering into derivative contracts that economically swap fixed rate interest into floating rate. Derivatives are used to hedge or reduce the risks of interest rate and exchange rate movements and are not entered into unless such risks exist.

To meet policy the Group:

- swaps a portion of its fixed GBP bond debt into GBP floating debt using interest rate swaps;
- swaps a portion of its fixed GBP bond debt into USD fixed bond debt by using cross-currency fixed to fixed swaps;
- buys USD caps to fix its USD debt; and
- enters forward contracts, selling USD and buying GBP to swap its GBP floating rate debt into USD floating rate debt.

The derivatives in place to meet Group policy are as follows:

(i) Fixed-to-floating interest rate swaps hedging a portion of the Group's bonds; changes in the fair value of the swaps are recognised in the Income Statement and at the same time the carrying value of the hedged bonds is adjusted for movements in the hedged risk to the extent effective and those adjustments are also recognised in the Income Statement. The notional value of these interest rate swaps amounts to £93.1 million (2017 £93.1 million) with the Group paying floating rates of between 0.33% and 0.94% (2017 0.29% and 0.99%).

(ii) Floating-to-fixed interest rate swaps which are not designated as hedging instruments; changes in the fair value of the swaps are recognised in the Income Statement. The notional value of these interest rate swaps amounts to US$67.0 million (2017 US$67.0 million) with the Group receiving floating US dollar interest at rates of between 1.33% and 2.35% (2017 0.86% and 1.33%).

(iii) Cross-currency fixed-to-fixed interest rate swaps. The notional value of these cross-currency swaps amounts to £96.3 million/ US$155.0 million (2017 £96.3 million/US$155.0 million) resulting in the Group paying fixed US dollar interest at rates of between 5.56% and 6.99% (2017 5.56% and 6.99%).

(iv) The Group also had a number of outstanding interest rate caps. These amounted to US$195.0 million and £105.0 million notional (2017 US$225.0 million) at rates of between 2.09% and 3.50% (2017 1.00% and 2.75%).

Derivative financial instruments are measured at fair value at the date the derivatives are entered into and are subsequently remeasured to fair value at each reporting date. The fair value is determined by using market rates of interest and exchange as at 30 September 2018 and the use of established estimation techniques such as discounted cash flow and option valuation models. The fair value of long-term borrowings has been calculated by discounting expected future cash flows at market rates.

Foreign exchange rate risk management

Translation exposures arise on the earnings and net assets of business operations in entities with functional currencies other than that of the parent company. The net asset exposures are economically hedged, to a significant extent, by a policy of denominating borrowings in currencies where significant translation exposures exist, most notably US dollars.

The Group also designates currency swaps, forward contracts and US dollar bank borrowings as net investment hedges, hedging the Group's overseas investments.

Credit risk management

The Group's principal credit risk relates to its trade and other receivables and non-performance by counterparties to financial instrument contracts.

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34 Financial instruments and risk management continued

Trade and other receivables

The Group's customer base is diversified geographically and by segment with customers generally of a good financial standing. Before accepting any new customers, the Group assesses the potential customers' credit quality and sets credit limits by customer. The average credit period is 38 days (2017 32 days). The Group considers the credit risk of trade receivables to be low, although the Group remains vigilant in the current economic climate. The Group reserves the right to charge interest on overdue receivables, although the Group does not hold collateral over any trade receivable balances. The Group makes an allowance for bad and doubtful debts specific to individual debts. This provision is reviewed regularly in conjunction with a detailed analysis of historic payment profiles and past default experience.

The Group's receivables are stated net of allowances for doubtful debts and allowances for impairment are made where appropriate.

The maximum exposure to credit risk from trade and other receivables at the reporting date is the amount of each class disclosed in the table on page 153.

Institutional counterparty risk

The Group seeks to limit interest rate and foreign exchange risks, described above, by the use of financial instruments. As a result, credit risk arises from the potential non-performance by the counterparties to those financial instruments, which are unsecured. The amount of this credit risk is normally restricted to the amounts of any hedge gain and not the principal amount being hedged. The Group also has a credit exposure to counterparties for the full principal amount of cash and cash equivalents.

Credit risk is controlled by monitoring the credit quality of these counterparties, principally licensed commercial banks and investment banks with strong long-term credit ratings, and of the amounts outstanding with each of them.

The credit risk on cash deposits and derivative financial instruments is considered low since the counterparties are banks with high credit ratings. Group policy is to have no more than £20.0 million or 25.0% surplus cash balances deposited (or at risk) with any 'AA' or UK ring-fenced banking counterparty or £10.0 million or 10.0% surplus cash balances with 'A' rated counterparties but with no more than the higher of £50.0 million or 50.0% of surplus cash balances in aggregate. The Group has no significant concentration of risk with exposure spread over a large number of counterparties and customers.

The maximum exposure to credit risk from derivative assets and cash and cash equivalents at the reporting date is the amount of each class disclosed in the table on page 153.

Derivative financial instruments and hedge accounting

The Group designates certain derivatives as:

(i) hedges of the change in fair value of recognised assets and liabilities (fair value hedges); or

(ii) hedges of highly probable forecast transactions (cash flow hedges); or

(iii) hedges of net investment in foreign operations (net investment hedges).

To qualify for hedge accounting, each individual hedging relationship must be expected to be effective, be designated and documented at its inception and throughout the life of the hedge relationship.

Fair value hedges

The Group's policy is to use interest rate swaps to convert a proportion of its fixed rate debt to floating rates in order to hedge the interest rate risk.

Gains and losses on the borrowings and related derivatives designated as fair value hedges included in the Consolidated Income Statement for the year ended 30 September 2018 were:

	At 30 September 2016 £m	Fair value movement gain/(loss) £m	At 30 September 2017 £m	Fair value movement gain/(loss) £m	At 30 September 2018 £m
Sterling interest rate swaps	7.5	(4.7)	2.8	(2.3)	**0.5**
Sterling debt	(7.5)	4.7	(2.8)	2.3	**(0.5)**
Total	–	–	–	–	**–**

Cash flow hedges

The Group's policy is to use certain derivative financial instruments in order to hedge the foreign exchange risk arising from certain firm commitments or forecast highly probable transactions in currencies other than the functional currency of the relevant Group entity.

All cash flow hedges were effective throughout the year ended 30 September 2018.

Net investment hedges

The Group seeks to manage the foreign currency exposure arising on retranslation of the reporting entity's share of net assets of foreign operations at each reporting date by designating certain derivative financial instruments and foreign currency borrowings as net investment hedging instruments.

All net investment hedges were effective throughout the year ended 30 September 2018.

The Group's derivative financial instruments, other than acquisition option commitments, and their maturity profiles are summarised as follows:

Derivative financial assets:

	Fair value hedges £m	Net investment hedges £m	Derivatives not qualifying for hedge accounting £m	Derivative financial assets £m
At 30 September 2018				
Within one year	**0.7**	**–**	**–**	**0.7**
Between one and two years	**–**	**–**	**–**	**–**
Between two and five years	**1.9**	**–**	**1.1**	**3.0**
Over five years	**–**	**–**	**6.0**	**6.0**
	1.9	**–**	**7.1**	**9.0**
	2.6	**–**	**7.1**	**9.7**
At 30 September 2017				
Within one year	–	3.0	–	3.0
Between one and two years	1.4	–	–	1.4
Between two and five years	2.7	–	0.4	3.1
Over five years	–	–	0.1	0.1
	4.1	–	0.5	4.6
	4.1	3.0	0.5	7.6

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34 Financial instruments and risk management continued

Derivative financial liabilities:

	Fair value hedges £m	Net investment hedges £m	Derivative financial liabilities £m
At 30 September 2018			
Within one year	**–**	**(6.6)**	**(6.6)**
Between one and two years	**–**	**–**	**–**
Between two and five years	**–**	**–**	**–**
Over five years	**(2.1)**	**(11.4)**	**(13.5)**
	(2.1)	**(11.4)**	**(13.5)**
	(2.1)	**(18.0)**	**(20.1)**
At 30 September 2017			
Within one year	–	(0.4)	(0.4)
Between one and two years	–	(5.7)	(5.7)
Between two and five years	–	–	–
Over five years	(1.3)	(11.8)	(13.1)
	(1.3)	(17.5)	(18.8)
	(1.3)	(17.9)	(19.2)

In managing the Group's interest rate and currency risks, the Group aims to reduce the impact of short-term fluctuations. However, changes in foreign exchange rates and interest rates may have an impact on the Group's statutory results.

At 30 September 2018 it is estimated that an increase of 1.0% in interest rates would have decreased the Group's finance costs by £8.1 million (2017 £3.7 million). There would have been no effect on amounts recognised directly in equity. This sensitivity has been calculated by applying the interest rate change to the Group's variable rate borrowings, net of any interest rate swaps, at the year-end date.

At 30 September 2018 it is estimated that a decrease of 1.0% in interest rates would have increased the Group's finance costs by £5.8 million (2017 £3.0 million). There would have been no effect on amounts recognised directly in equity. This sensitivity has been calculated by applying the interest rate change to the Group's variable rate borrowings, net of any interest rate swaps, as at the year-end date.

At 30 September 2018 it is estimated that a 10.0% strengthening of sterling against the US dollar would have increased the net gain taken to equity by £13.3 million (2017 decreased the net loss by £33.2 million) and decreased the net loss taken to income by £0.4 million (2017 no change to the net gain taken to income). A 10.0% weakening of sterling against the US dollar would have decreased the net gain taken to equity by £16.3 million (2017 increased the net loss by £40.5 million) and increased the net loss taken to income by £0.5 million (2017 increased the net gain by £0.1 million). This sensitivity has been calculated by applying the foreign exchange change to the Group's financial instruments which are affected by changes in foreign exchange rates.

At 30 September 2018, it is estimated that an increase of 1.0% in the rate used to discount the expected gross value of payments would lead to a decrease in the present value of acquisition put option commitments of £nil (2017 £nil).

At 30 September 2018, it is estimated that a decrease of 1.0% in the rate used to discount the expected gross value of payments would lead to an increase in the present value of acquisition put option commitments of £nil (2017 £nil).

The carrying amounts and gains and losses on financial instruments are as follows:

	At 30 September 2018 Carrying amount £m	Year ended 30 September 2018 (Loss)/gain to income £m	Year ended 30 September 2018 Gain/(loss) to equity £m	At 30 September 2017 Carrying amount £m	Year ended 30 September 2017 Gain/(loss) to income £m	Year ended 30 September 2017 (Loss)/gain to equity £m
Investments	**20.4**	**(1.7)**	**0.2**	30.6	(0.5)	(0.3)
Available-for-sale investments	**20.4**	**(1.7)**	**0.2**	30.6	(0.5)	(0.3)
Trade receivables	**180.4**	**2.2**	**3.2**	149.4	(3.1)	(1.7)
Other receivables	**33.4**	**–**	**1.5**	34.1	–	(1.6)
Other financial assets	**263.7**	**3.0**	**–**	30.0	1.4	–
Cash and cash equivalents	**437.8**	**1.7**	**1.6**	14.6	1.0	0.1
Loans and receivables	**915.3**	**6.9**	**6.3**	228.1	(0.7)	(3.2)
Option over equity instrument	**–**	**–**	**–**	–	2.9	–
Contingent consideration	**0.1**	**–**	**–**	0.3	–	–
Assets at fair value through profit or loss	**0.1**	**–**	**–**	0.3	2.9	–
Interest rate swaps	**2.6**	**–**	**–**	4.1	(1.4)	–
Forward foreign currency contracts	**–**	**(1.7)**	**–**	3.0	(1.7)	(2.8)
Derivative assets in effective hedging relationships	**2.6**	**(1.7)**	**–**	7.1	(3.1)	(2.8)
Interest rate swaps	**3.2**	**3.4**	**–**	0.1	1.8	–
Interest rate caps	**3.9**	**0.4**	**–**	0.4	–	–
Derivative assets not designated as hedging instruments	**7.1**	**3.8**	**–**	0.5	1.8	–
Trade payables	**(39.9)**	**–**	**(0.1)**	(66.3)	–	0.6
Bank overdrafts	**(1.9)**	**–**	**–**	(7.2)	–	0.1
Bonds	**(424.4)**	**(26.8)**	**–**	(423.5)	(24.2)	–
Bank loans	**–**	**(6.9)**	**2.6**	(46.3)	(6.6)	(3.5)
Loan notes	**(1.7)**	**(5.0)**	**–**	(1.8)	(0.2)	–
Amounts payable under finance leases	**–**	**–**	**–**	(0.9)	(0.2)	–
Liabilities at amortised cost	**(467.9)**	**(38.7)**	**2.5**	(546.0)	(31.2)	(2.8)
Contingent consideration	**(4.8)**	**(2.4)**	**(0.1)**	(17.0)	28.6	(0.6)
Liabilities at fair value through profit or loss	**(4.8)**	**(2.4)**	**(0.1)**	(17.0)	28.6	(0.6)
Interest rate swaps	**(2.1)**	**(1.0)**	**–**	(1.3)	–	–
Fixed to fixed cross currency swaps	**(18.0)**	**(1.4)**	**(0.5)**	(17.5)	(1.7)	5.5
Forward foreign currency contracts	**–**	**4.9**	**(1.6)**	(0.4)	–	(3.2)
Derivative liabilities in effective hedging relationships	**(20.1)**	**2.5**	**(2.1)**	(19.2)	(1.7)	2.3
Acquisition put option commitments	**(8.2)**	**–**	**(0.2)**	(8.0)	7.4	(0.9)
Derivative liabilities not designated as hedging instruments	**(8.2)**	**–**	**(0.2)**	(8.0)	7.4	(0.9)
Total for financial instruments	**449.6**	**(31.3)**	**6.6**	(323.6)	3.5	(8.3)

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34 Financial instruments and risk management continued

Reconciliation of net gain/(loss) taken to equity is as follows:

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Change in fair value of hedging derivatives	39, 40	**2.8**	(3.7)
Translation of financial instruments of overseas operations		**8.7**	(7.9)
Transfer of gain on cash flow hedges from translation reserve to the Consolidated Income Statement	39, 40	**(4.9)**	3.3
Total gain/(loss) on financial instruments to equity		**6.6**	(8.3)

Reconciliation of loss taken through income to net finance costs is as follows:

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Total (loss)/gain on financial instruments to income		**(31.3)**	3.5
Add back:			
Impairment of trade receivables	27	**(2.2)**	3.1
Impairment of available-for-sale assets	8	**1.8**	0.5
Dividend income	9	**(0.1)**	(0.1)
Interest receivable	9	**(4.7)**	(2.4)
Interest on pension scheme liabilities less expected return on pension scheme assets	10	**2.0**	(4.9)
Net finance costs	10	**(34.5)**	(0.3)

Reconciliation of amounts due under finance lease agreements is as follows:

At 30 September 2018	Total £m	Due in less than one year £m	Due between one and five years £m
Future minimum lease payments	–	–	–
Present value of minimum lease payments	–	–	–

At 30 September 2017	Total £m	Due in less than one year £m	Due between one and five years £m
Future minimum lease payments	0.9	0.4	0.5
Present value of minimum lease payments	0.9	0.4	0.5

The remaining undiscounted contractual liabilities and their maturities are as follows:

	Within one year £m	Between one and two years £m	Between two and five years £m	Between five and ten years £m	Between ten and fifteen years £m	Total £m
At 30 September 2018						
Trade payables	**(39.9)**	**–**	**–**	**–**	**–**	**(39.9)**
Bank loans	**–**	**–**	**–**	**–**	**–**	**–**
Bank overdrafts	**(1.9)**	**–**	**–**	**–**	**–**	**(1.9)**
Bonds	**(234.3)**	**(13.5)**	**(45.8)**	**(247.5)**	**–**	**(541.1)**
Loan notes	**(1.7)**	**–**	**–**	**–**	**–**	**(1.7)**
Finance leases	**–**	**–**	**–**	**–**	**–**	**–**
Contingent consideration	**(1.2)**	**–**	**(3.7)**	**–**	**–**	**(4.9)**
Acquisition put option commitments	**(0.6)**	**–**	**(7.7)**	**–**	**–**	**(8.3)**
Interest rate swaps	**0.4**	**0.4**	**1.1**	**1.3**	**–**	**3.2**
Currency swaps	**(36.7)**	**(5.7)**	**(17.1)**	**(109.8)**	**–**	**(169.3)**
Forward contracts	**–**	**–**	**–**	**–**	**–**	**–**
	(315.9)	**(18.8)**	**(73.2)**	**(356.0)**	**–**	**(763.9)**
At 30 September 2017						
Trade payables	(66.3)	–	–	–	–	(66.3)
Bank loans	–	–	(47.6)	–	–	(47.6)
Bank overdrafts	(7.3)	–	–	–	–	(7.3)
Bonds	(26.0)	(234.3)	(46.5)	(260.2)	–	(567.0)
Loan notes	(1.8)	–	–	–	–	(1.8)
Finance leases	(0.4)	(0.3)	(0.2)	–	–	(0.9)
Contingent consideration	(3.4)	(6.9)	(7.8)	–	–	(18.1)
Acquisition put option commitments	(0.6)	–	(7.4)	–	–	(8.0)
Interest rate swaps	0.4	0.4	1.1	1.7	–	3.6
Currency swaps	(7.2)	(35.7)	(16.6)	(112.1)	–	(171.6)
Forward contracts	(36.9)	–	–	–	–	(36.9)
	(149.5)	(276.8)	(125.0)	(370.6)	–	(921.9)

Included in the maturity table above are interest rate swaps with a notional value of US$67.0 million (2017 US$67.0 million) and currency swaps with a notional value of US$90.0 million (2017 US$90.0 million) with mutual break clauses at fair value every five years.

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34 Financial instruments and risk management continued

Reconciliation of undiscounted liabilities to amounts on the Consolidated Statement of Financial Position is as follows:

	Undiscounted value of financial liabilities £m	Interest £m	Unamortised issue costs £m	Discount/ Premium on issue £m	Discounting and mark-to-market adjustments £m	Undiscounted value of financial asset £m	Total £m
At 30 September 2018							
Trade payables	**(39.9)**	**–**	**–**	**–**	**–**	**–**	**(39.9)**
Bank loans	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Bank overdrafts	**(1.9)**	**–**	**–**	**–**	**–**	**–**	**(1.9)**
Bonds	**(541.1)**	**115.4**	**0.6**	**1.2**	**(0.5)**	**–**	**(424.4)**
Loan notes	**(1.7)**	**–**	**–**	**–**	**–**	**–**	**(1.7)**
Finance leases	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Contingent consideration	**(4.9)**	**–**	**–**	**–**	**0.1**	**–**	**(4.8)**
Acquisition put option commitments	**(8.3)**	**–**	**–**	**–**	**0.1**	**–**	**(8.2)**
Interest rate swaps	**3.2**	**(3.2)**	**–**	**–**	**(2.1)**	**–**	**(2.1)**
Fixed to fixed cross currency swaps	**(169.3)**	**10.3**	**–**	**–**	**4.9**	**136.1**	**(18.0)**
Forward foreign currency contracts	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	(763.9)	**122.5**	**0.6**	**1.2**	**2.5**	**136.1**	**(501.0)**
At 30 September 2017							
Trade payables	(66.3)	–	–	–	–	–	(66.3)
Bank loans	(47.6)	1.3	–	–	–	–	(46.3)
Bank overdrafts	(7.3)	0.1	–	–	–	–	(7.2)
Bonds	(567.0)	141.4	0.9	4.1	(2.9)	–	(423.5)
Loan notes	(1.8)	–	–	–	–	–	(1.8)
Finance leases	(0.9)	–	–	–	–	–	(0.9)
Contingent consideration	(18.1)	–	–	–	1.1	–	(17.0)
Acquisition put option commitments	(8.0)	–	–	–	–	–	(8.0)
Interest rate swaps	3.6	(3.6)	–	–	(1.3)	–	(1.3)
Fixed to fixed cross currency swaps	(171.6)	9.1	–	–	2.0	143.0	(17.5)
Forward foreign currency contracts	(36.9)	–	–	–	(0.3)	36.8	(0.4)
	(921.9)	148.3	0.9	4.1	(1.4)	179.8	(590.2)

Valuation techniques and assumptions applied for the purpose of measuring fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 30 September 2018	Note	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets					
Available-for-sale financial assets	25	–	–	**20.4**	**20.4**
Fair value through profit and loss					
Derivative instruments not designated in hedge accounting relationships		–	**7.1**	–	**7.1**
Provision for contingent consideration receivable		–	–	**0.1**	**0.1**
Derivative instruments in designated hedge accounting relationships		–	**2.6**	–	**2.6**
		–	**9.7**	**20.5**	**30.2**
Financial liabilities					
Fair value through profit and loss					
Provision for contingent consideration payable	36	–	–	**(4.8)**	**(4.8)**
Derivative instruments in designated hedge accounting relationships		–	**(20.1)**	–	**(20.1)**
		–	**(20.1)**	**(4.8)**	**(24.9)**

At 30 September 2017	Note	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets					
Available-for-sale financial assets	25	–	–	30.6	30.6
Fair value through profit and loss					
Derivative instruments not designated in hedge accounting relationships		–	0.5	–	0.5
Option over equity instrument		–	–	–	–
Provision for contingent consideration receivable		–	–	0.3	0.3
Derivative instruments in designated hedge accounting relationships		–	7.1	–	7.1
		–	7.6	30.9	38.5
Financial liabilities					
Fair value through profit and loss					
Provision for contingent consideration payable	36	–	–	(17.0)	(17.0)
Derivative instruments in designated hedge accounting relationships		–	(19.2)	–	(19.2)
		–	(19.2)	(17.0)	(36.2)

There were no transfers between categories in the period.

(i) The fair value of derivative instruments is determined using market rates of interest and exchange, and established estimation techniques such as discounted cash flow and option valuation models.

(ii) Available-for-sale financial assets are recorded at cost less provision for impairment, as since there is no active market upon which they are traded their fair values cannot be reliably measured. The recoverable amount is determined by discounting future cash flows to present value using market interest rates.

Contingent consideration is valued based on the future profitability of the businesses to which the contingent consideration relates, discounted at market rates of interest.

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34 Financial instruments and risk management continued

Reconciliation of level 3 fair value measurement of financial liabilities is as follows:

	Note	£m
At 30 September 2016		(52.6)
Cash paid to settle contingent consideration in respect of acquisitions	36	8.2
Change in fair value of contingent consideration in income	10, 36	28.6
Additions to contingent consideration	36	(0.6)
Exchange adjustment		(0.6)
At 30 September 2017		**(17.0)**
Cash paid to settle contingent consideration in respect of acquisitions	36	14.4
Change in fair value of contingent consideration in income	10, 36	(2.2)
Finance charge on discounting of contingent consideration	10, 36	(0.2)
Additions to contingent consideration	36	(0.2)
Contingent consideration owned by subsidiaries disposed		0.4
At 30 September 2018		**(4.8)**

The key inputs into the significant level 3 financial liabilities are the future profitability of the businesses to which the contingent consideration relate and the discount rate. The estimated range of possible outcomes for the fair value of these liabilities is £nil to £19.4 million (2017 £1.1 million to £233.0 million).

The increase in fair value of contingent consideration of £2.2 million (2017 reduction of £28.6 million) and finance charge on discounting of contingent consideration of £0.3 million (2017 £nil) were charged or credited to the Income statement within net finance costs (Note 10).

A one percentage point increase or decrease in the growth rate used in estimating the expected profits, results in the contingent consideration liability at 30 September 2018 increasing or decreasing by £0.4 million and £0.4 million respectively (2017 £1.7 million increase and £1.3 million decrease), with the corresponding change to the value at 30 September 2018 charged or credited to the Consolidated Income Statement in future periods.

The rates used to discount contingent consideration range from 0.8% to 1.1% (2017 0.0% to 0.2%). A one percentage point increase or decrease in the discount rate used to discount the expected gross value of payments, results in the liability at 30 September 2018 decreasing or increasing by £0.1 million and £0.1 million respectively (2017 £0.3 million and £0.1 million), with the corresponding change to the value at 30 September 2018 charged or credited to the Consolidated Income Statement in future periods.

35 Retirement benefit obligations

The Group operates a number of pension schemes under which contributions are paid by the employer and employees. The total net pension costs of the Group for the year ended 30 September 2018 were £9.3 million (2017 £18.2 million).

The schemes include a number of defined contribution pension arrangements, in addition to funded defined benefit pension arrangements which are closed to future accrual. The defined benefit schemes in the UK, together with some defined contribution plans, are administered by Trustees or Trustee Companies.

Defined benefit schemes

Background

The Company operates two main defined benefit schemes, the Harmsworth Pension Scheme (HPS) and the Senior Executive Pension Scheme (SEPF), both of which are closed to new entrants and to further accrual.

Full actuarial valuations of the defined benefit schemes are carried out triennially by the scheme actuary. Following the results of the latest triennial valuation as at 31 March 2016, the Company agreed a Recovery Plan involving a series of annual funding payments, of £13.0 million on 5 October 2016 to 2018, £18.3 million on 5 October 2019, £16.2 million on 5 October 2020 to 2025 and £76.2 million on 5 October 2026. The Company considers that these contribution rates are sufficient to eliminate any deficit over the agreed period. This Recovery Plan will be reviewed at the next triennial funding valuation of the main schemes which is due to be completed with an effective date of 31 March 2019.

In addition the Company has agreed with the Trustees that, should it make any permanent reductions in the Company's capital, including share buy-backs, it will make additional contributions to the schemes amounting to 20.0% of the capital reduction. Contributions of £nil (2017 £nil) relating to this agreement were made in the year to 30 September 2018.

Limited Partnership investment vehicle

HPS owns a beneficial interest in a Limited Partnership investment vehicle (LP). The LP has been designed to facilitate annual payments of £10.8 million as part of the deficit funding payments described above over the period to 2026. In addition, the LP is required to make a final payment to the scheme of £149.9 million, or the funding deficit within the scheme on an ongoing actuarial valuation basis, at the end of the period to 2026 if this is less. The Recovery Plan above assumes £60.0 million of the £149.9 million final payment is required. For funding purposes, the interest of HPS in the LP is treated as an asset of the scheme and reduces the actuarial deficit within the scheme. However, under IAS 19, Employee benefits, the LP is not included as an asset of the scheme and therefore is not included in the disclosures below.

Strategic Plan

The Trustee has developed a comprehensive approach to managing the schemes' investment strategy to ensure it is always aligned with the Strategic Plan. The schemes' financial performance has been sufficiently better than envisaged so the Trustee has reduced risk largely by decreasing the equity allocation and increasing its interest rate and inflation rate hedging which is reflected in the analysis of the schemes' assets. In addition the Strategic Plan has been amended to target an asset allocation that may enable all pension obligations to be under written with insurance policies by 2030.

The Strategic Plan may involve the Trustee reducing risk further.

This framework defines a series of triggers which present opportunities for the Trustee to reduce risk either by reducing the allocation to return seeking assets, such as equities and increasing the interest rate and inflation hedge or a combination of the two.

The figures in this note are based on calculations using membership data as at 30 September 2018 along with asset valuations and cash flow information from the schemes for the year to 30 September 2018.

A reconciliation of the net pension obligation reported in the Consolidated Statement of Financial Position is shown in the following table:

	At 30 September 2018 Schemes in surplus £m	At 30 September 2018 Schemes in deficit £m	At 30 September 2018 Total £m	At 30 September 2017 Schemes in surplus £m	At 30 September 2017 Schemes in deficit £m	At 30 September 2017 Total £m
Present value of defined benefit obligation	**(2,541.5)**	**(53.4)**	**(2,594.9)**	(2,631.9)	(58.8)	(2,690.7)
Assets at fair value	**2,790.6**	**47.8**	**2,838.4**	2,705.3	47.8	2,753.1
Surplus/(deficit) reported in the Consolidated Statement of Financial Position	**249.1**	**(5.6)**	**243.5**	73.4	(11.0)	62.4

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35 Retirement benefit obligations continued

The IAS 19 accounting surplus/(deficit) data above differs to the triennial actuarial surplus/(deficit) calculation used in the assessment of future funding obligations. There are a number of reasons for this – the actuarial valuation is as at the schemes' year end date of 31 March and is calculated triennially based on more prudent assumptions including those covering discount rates and mortality. IAS 19 requires the Company to use best estimate assumptions.

The International Financial Reporting Interpretations Committee, in its document IFRIC 14, has interpreted the extent to which a company can recognise a pension surplus on its Statement of Financial Position.

In relation to HPS and the SEPF, having taken account of the rules of the schemes, the Company has an unconditional right to a refund of any surplus under IFRIC 14 and considers that the recognition of surpluses in these schemes on its Statement of Financial Position is in accordance with the interpretations of IFRIC 14. In relation to the AVC, having taken account of the rules of the scheme, the Company does not have an unconditional right to a refund under IFRIC 14. However, at 30 September 2018 the AVC Plan showed a deficit and no contributions are payable into the AVC Plan. Therefore no asset ceiling needs to be applied to restrict surplus on the balance sheet and no additional minimum funding liability is needed under IFRIC 14.

IFRIC 14 is in the process of being revised which may lead to a reassessment of the Company's recognition of any pension surplus on its Statement of Financial Position.

The surplus/(deficit) for the year, set out above, excludes a related deferred tax liability of £41.0 million (2017 £9.9 million).

A reconciliation of the present value of the defined benefit obligation is shown in the following table:

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Defined benefit obligation at start of year		**(2,690.7)**	(2,998.9)
Attributable to subsidiaries disposed		**–**	72.2
Interest cost	10	**(68.7)**	(62.6)
Past service cost	3	**(17.3)**	–
Net benefit payments		**99.2**	106.8
Actuarial gain as a result of:			
– changes in financial assumptions	39, 40	**58.7**	140.7
– changes in demographic assumptions	39, 40	**15.8**	47.3
– membership experience	39, 40	**8.1**	3.8
Defined benefit obligation at end of year		**(2,594.9)**	(2,690.7)

A reconciliation of the fair value of assets is shown in the following table:

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Fair value of assets at start of year		**2,753.1**	2,752.9
Attributable to subsidiaries disposed		**–**	(71.1)
Interest income on scheme assets	10	**70.7**	57.7
Company contributions	15	**12.8**	13.1
Net benefit payments		**(99.2)**	(106.8)
Return on plan assets, excluding amounts included in interest income on scheme assets	39, 40	**101.0**	107.3
Fair value of assets at end of year		**2,838.4**	2,753.1

The fair value of assets is categorised as follows:

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2018 %	Year ended 30 September 2017 £m	Year ended 30 September 2017 %
Equity	(i)				
– Investment funds		**464.6**	**16**	655.6	24
– Private equity		**212.0**	**7**	222.1	8
Liability Driven Investments	(ii)	**565.1**	**20**	507.3	18
Bonds and loans	(iii)	**817.6**	**29**	707.1	26
Property	(iv)	**521.3**	**18**	405.7	15
Hedge funds		**–**	**–**	3.5	0
Infrastructure		**215.3**	**8**	205.6	7
Cash / Other		**42.5**	**2**	46.2	2
Total Assets		**2,838.4**	**100**	2,753.1	100

(i) Equities include hedge funds and infrastructure funds. Quoted securities in active markets are valued at the latest available bid price at the reporting date.

Private equity and infrastructure funds are valued by investment managers using appropriate valuation techniques. These are derived from market based multiples and discount rates of comparable quoted businesses or market transactions which have been determined by the Trustees' investment advisors to represent fair value.

(ii) Liability Driven Investment funds (LDI) are a collateralised portfolio of gilt repo and swap contracts designed to hedge approximately 65% (by value of assets) of the schemes' inflation and discount rate risks. These are independently valued using quoted prices and for OTC instruments by the investment manager using recognised discounting techniques.

(iii) Bonds and loans include corporate bonds, distressed credit and loans. Corporate bonds are held in unitised pooled investment vehicles and are valued at the latest available bid price provided by the pooled investment manager. Distressed credit and loans are valued by the investment managers using relevant valuation techniques.

(iv) The schemes' property portfolio represent a mixture of industrial, retail, office and leisure. These assets are independently valued at open market value at 31 March each year with subsequent changes in value based on changes in the Investment Property Databank Index (IPD) which tracks retail, office and industrial property transactions.

The value of employer-related assets held on behalf of the schemes at 30 September 2018 was £nil (0.0% of assets), (2017 £nil, 0.0% of assets).

The main financial assumptions are shown in the following table:

	Year ended 30 September 2018 %	Year ended 30 September 2017 %
Price inflation	**3.25**	3.20
Pension increases	**3.10**	3.00
Discount rate	**2.80**	2.60

The discount rate for both scheme liabilities and the fair value of scheme assets reflects yields at the year-end date on high-quality corporate bonds and are based on a cash flow-based yield curve, calculating a single equivalent discount rate reflecting the average duration of the schemes' liabilities, rounded to the nearest 0.05% p.a. This methodology incorporates bonds given an AA rating from at least two of the main four rating agencies (Standard and Poors, Moody's, Fitch and DBRS).

RPI inflation is derived in a similar way to the discount rate but with reference to the Bank of England spot curve at the duration of the schemes' weighted averaged duration with an appropriate allowance for inflation risk premium (0.20% p.a.), rounded to the nearest 0.05% p.a.

Mortality assumptions take account of scheme experience, and also allow for further improvements in life expectancy based on the Continuous Mortality Investigation (CMI) projections but with a long-term rate of improvement in future mortality rates of 1.25% p.a. Allowance is made for the extent to which employees have chosen to commute part of their pension for cash at retirement.

The average duration of the defined benefit obligation at the end of the year is approximately 18 years (2017 20 years).

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35 Retirement benefit obligations continued

The table below illustrates examples of the assumed average life expectancies from age 60 for the principal schemes:

	Year ended 30 September 2018 Future life expectancy from age 60 (years)	Year ended 30 September 2017 Future life expectancy from age 60 (years)
For a current 60-year-old male member of the scheme	**26.2**	26.4
For a current 60-year-old female member of the scheme	**28.2**	28.3
For a current 50-year-old male member of the scheme	**26.7**	26.8
For a current 50-year-old female member of the scheme	**29.2**	29.2

The amounts charged to the Consolidated Income Statement relating to the Group's defined benefit schemes, based on the above assumptions are shown in the following table:

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Past service cost		**(17.3)**	–
Charge to operating profit		**(17.3)**	–
Finance income/(charge)	10	**2.0**	(4.9)
Total charge to the Consolidated Income Statement		**(15.3)**	(4.9)

The fair value of some of our pension assets are made up of quoted and unquoted investments. The latter require more judgement as their values are not directly observable. The assumptions used in valuing unquoted investments are affected by current market conditions and trends which could result in changes in fair value after the measurement date.

Pension costs and the size of any pension surplus or deficit are sensitive to the assumptions adopted. The table below indicates the effect from changes in the principal assumptions used above:

		Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Mortality			
Increase in pension obligation at 30 September 2018 from a one-year increase in life expectancy		**87.7**	78.9
Change in projected pension cost for the year to 30 September 2019 from a one-year increase	+/-	**2.4**	2.0
Inflation rate			
Decrease in pension obligation at 30 September 2018 from a 0.1 % p.a. increase (excluding hedging)		**44.2**	46.5
Change in projected pension cost for the year to 30 September 2019 from a 0.1 % p.a. increase	+/-	**1.1**	1.1
Discount rate			
Decrease in pension obligation at 30 September 2018 from a 0.1 % p.a. decrease (excluding hedging)		**50.0**	53.2
Change in projected pension cost for the year to 30 September 2019 from a 0.1 % p.a. decrease	+/-	**1.5**	1.3

There are significant risks in connection with running defined benefit schemes, and the key risks are highlighted below:

Inflation rate risk

A significant proportion of the defined benefit obligation is linked to inflation, therefore increased inflation will result in a higher pension obligations. The Trustees have sought to acquire certain assets with exposure to inflationary uplifts in order to negate a proportion of this risk. Monetary assets such as bonds and loans hedge approximately 65% of the schemes' risk (by value of assets).

Life expectancy risk

The present value of the defined benefit obligation is calculated with reference to the best estimate of the mortality of scheme members. An increase in assumed life expectancy will result in an increase in the defined benefit obligation. Regular reviews of mortality experience are performed to ensure life expectancy assumptions remain appropriate.

Investment risk

This is a measure of the uncertainty that the return on the schemes' assets meet the return necessary to fund pension obligations. The schemes hold a significant proportion of equities, but during the period have been reallocating some of these investments into credit and property investments which exhibit lower volatility of return and the LDI investments.

Discount rate risk

The present value of the defined benefit obligation is calculated using a discount rate set with reference to high-quality corporate bond yields. A decrease in corporate bond yields will increase the present value of the defined benefit obligation, although this will be partially offset by bonds and the LDI investment funds which reduce the gilt rate risk by hedging approximately 65% of the schemes' risk (by value of assets).

Amounts recognised in the Consolidated Statement of Comprehensive Income (SOCI) are shown in the following table:

	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Actuarial gain recognised in SOCI	**183.6**	299.1
Cumulative actuarial gain/(loss) recognised in SOCI at beginning of year	**147.7**	(151.4)
Cumulative actuarial gain recognised in SOCI at end of year	**331.3**	147.7

A history of experience gains and losses is shown in the following table:

	At 30 September 2018 £m	At 30 September 2017 £m	At 30 September 2016 £m	At 30 September 2015 £m	At 30 September 2014 £m
Present value of defined benefit obligation	**(2,594.9)**	(2,690.7)	(2,998.9)	(2,437.4)	(2,381.9)
Fair value of scheme assets	**2,838.4**	2,753.1	2,752.9	2,278.1	2,170.1
Combined surplus/(deficit) in schemes	**243.5**	62.4	(246.0)	(159.3)	(211.8)
Experience adjustments on defined benefit obligation	**82.6**	191.8	(574.9)	(47.0)	(195.7)
Experience adjustments on fair value of scheme assets	**101.0**	107.3	460.2	54.5	145.8

The Group expects to contribute approximately £18.3 million to the schemes during the year to 30 September 2019 including the deficit funding payments described above.

UK defined contribution plans

The Group has introduced a number of PensionSaver group personal pension plans that have replaced the trust-based defined contribution pension plans previously offered to employees. These plans create a consistent pensions savings vehicle across all Group segments. The benefits for all members of the trust-based plans have been transferred to individual policies held in the member's own name and the scheme is now wound up. Insured death benefits previously held under this trust have already been transferred to a new trust-based arrangement specifically for life assurance purposes.

The aggregate value of the Group personal pension plans was £140.1 million (2017 £130.5 million) at the year end. The pension cost attributable to these plans during the year amounted to £13.5 million (2017 £13.1 million).

Overseas pension plans

Overseas subsidiaries of certain Group segments operate defined contribution retirement benefit plans, primarily in North America. The pension cost attributable to these plans during the year amounts to £3.2 million (2017 £4.5 million).

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36 Provisions

	Note	Contract discounts and rebates £m	Coupon discount £m	Onerous leases £m	Reorganisation costs £m	Contingent consideration (ii) £m	Claims and legal £m	Other (i) £m	Total £m
Current liabilities									
At 30 September 2016		20.9	0.6	1.5	5.1	9.3	4.8	12.2	54.4
Additions	17	–	–	–	–	0.1	–	–	0.1
Charged during year		20.7	(0.1)	(0.5)	0.1	–	13.0	0.6	33.8
Utilised during year		(21.9)	–	(0.6)	(3.6)	–	(9.2)	(3.5)	(38.8)
Owned by subsidiaries disposed	18	–	–	(0.2)	–	–	–	(0.1)	(0.3)
Transfer from non-current liabilities		–	–	0.4	–	5.3	–	0.4	6.1
Contingent consideration paid	17	–	–	–	–	(8.2)	–	–	(8.2)
Fair value adjustment to contingent consideration	10	–	–	–	–	(3.3)	–	–	(3.3)
Exchange adjustment		–	–	0.2	(0.1)	0.2	(0.3)	(0.2)	(0.2)
At 30 September 2017		**19.7**	**0.5**	**0.8**	**1.5**	**3.4**	**8.3**	**9.4**	**43.6**
Additions	17	–	–	–	–	0.2	–	–	0.2
Charged during year		23.8	(0.3)	1.5	0.3	–	5.6	2.8	33.7
Utilised during year		(21.5)	–	(0.7)	(1.5)	–	(9.6)	(3.6)	(36.9)
Transfer from non-current liabilities		0.1	–	0.5	–	10.9	–	(0.1)	11.4
Contingent consideration paid	17	–	–	–	–	(14.4)	–	–	(14.4)
Notional interest on contingent consideration	10	–	–	–	–	0.2	–	–	0.2
Fair value adjustment to contingent consideration	10	–	–	–	–	0.9	–	–	0.9
Exchange adjustment		–	–	–	–	–	–	0.1	0.1
At 30 September 2018		**22.1**	**0.2**	**2.1**	**0.3**	**1.2**	**4.3**	**8.6**	**38.8**

	Note	Onerous leases £m	Reorganisation costs £m	Contingent consideration (ii) £m	Claims and legal £m	Other (i) £m	Total £m
Non-current liabilities							
At 30 September 2016		4.1	–	43.3	–	5.4	52.8
Additions	17	–	–	0.5	–	–	0.5
Charged during year		–	–	–	–	0.3	0.3
Utilised during year		–	–	–	–	(0.1)	(0.1)
Owned by subsidiaries disposed	18	(0.5)	–	–	–	(2.7)	(3.2)
Transfer to current liabilities		(0.4)	–	(5.3)	–	(0.4)	(6.1)
Fair value adjustment to contingent consideration	10	–	–	(25.3)	–	–	(25.3)
Exchange adjustment		0.1	–	0.4	–	(0.3)	0.2
At 30 September 2017		**3.3**	**–**	**13.6**	**–**	**2.2**	**19.1**
Charged during year		1.3	–	–	–	0.3	1.6
Utilised during year		–	–	–	–	(0.1)	(0.1)
Owned by subsidiaries disposed	18	–	–	(0.4)	–	–	(0.4)
Transfer to current liabilities		(0.5)	–	(10.9)	–	–	(11.4)
Fair value adjustment to contingent consideration	10	–	–	1.3	–	–	1.3
Exchange adjustment		0.1	–	–	–	(0.2)	(0.1)
At 30 September 2018		**4.2**	**–**	**3.6**	**–**	**2.2**	**10.0**

(i) Other current provisions principally comprise provisions for VAT of £nil (2017 £1.8 million), end of service provisions of £3.8 million (2017 £3.1 million), dilapidation provisions of £2.0 million (2017 £2.1 million) and provisions for national insurance contributions of £1.7 million (2017 £nil).

Other non-current provisions principally comprise dilapidation provisions of £1.0 million (2017 £0.9 million), end of service provisions amounting to £0.6 million (2017 £0.5 million) and a provision for amounts payable to the Newspaper Society following the cessation of membership on disposal of Northcliffe Newspapers Ltd in 2012 of £0.7 million (2017 £0.8 million).

(ii) The maturity profile of the Group's contingent consideration provision is as follows:

	At 30 September 2018 £m	At 30 September 2017 £m
Expiring in one year or less	**1.2**	3.4
Expiring between one and two years	**–**	5.8
Expiring between two and five years	**3.6**	7.8
	4.8	17.0

The contingent consideration is based on future business valuations and profit multiples and has been estimated using available data forecasts. The estimated range of undiscounted outcomes for contingent consideration relating to acquisitions in the year is £nil to £0.2 million. Certain contingent consideration arrangements are not capped since they are based on future business performance.

37 Deferred taxation

	Note	Accelerated capital allowances £m	Goodwill and intangible assets £m	Share-based payments £m	Deferred interest £m	Trading losses and tax credits £m	Pension scheme deficit £m	Other £m	Total £m
At 30 September 2016		39.0	(156.0)	17.3	130.9	38.4	50.8	33.2	153.6
Disclosed within non-current liabilities		–	(23.9)	–	–	0.3	–	(0.2)	(23.8)
Disclosed within non-current assets		39.0	(132.1)	17.3	130.9	38.1	50.8	33.4	177.4
(Charge)/credit to income	11, (i)	12.9	43.7	(5.5)	(92.6)	(5.4)	(6.4)	(3.7)	(57.0)
Charge to equity	39, 40	–	–	(0.4)	–	–	(49.3)	–	(49.7)
Owned by subsidiaries sold	18	(0.5)	36.2	(0.1)	(4.3)	(5.4)	(1.7)	(13.6)	10.6
Classified as held for sale	20	0.7	7.6	–	–	–	–	(1.4)	6.9
Exchange adjustment		–	(0.2)	–	–	(0.1)	–	(0.3)	(0.6)
At 30 September 2017		52.1	(68.7)	11.3	34.0	27.5	(6.6)	14.2	63.8
Disclosed within non-current liabilities		8.6	(61.9)	9.5	–	19.1	–	12.6	(12.1)
Disclosed within non-current assets		43.5	(6.8)	1.8	34.0	8.4	(6.6)	1.6	75.9
Credit/(charge) to income	11, (i)	(11.6)	17.0	0.3	(4.0)	(0.7)	0.3	8.3	9.6
Credit/(charge) to income due to change in US tax rate	11	(2.4)	19.5	(0.9)	–	(0.1)	–	(3.6)	12.5
Charge to equity	39, 40	–	–	(3.9)	–	–	(31.2)	–	(35.1)
Charge to equity due to change in US tax rate	39,40	–	–	(2.9)	–	–	–	–	(2.9)
Owned by subsidiaries acquired	17	–	(0.5)	–	–	–	–	–	(0.5)
Owned by subsidiaries sold	18	(2.3)	0.7	–	–	(0.1)	–	(3.1)	(4.8)
Exchange adjustment		0.1	(2.8)	(0.1)	–	0.4	–	3.1	0.7
At 30 September 2018		**35.9**	**(34.8)**	**3.8**	**30.0**	**27.0**	**(37.5)**	**18.9**	**43.3**
Disclosed within non-current liabilities		**–**	**(6.2)**	**–**	**–**	**–**	**–**	**–**	**(6.2)**
Disclosed within non-current assets		**35.9**	**(28.6)**	**3.8**	**30.0**	**27.0**	**(37.5)**	**18.9**	**49.5**
At 30 September 2018		**35.9**	**(34.8)**	**3.8**	**30.0**	**27.0**	**(37.5)**	**18.9**	**43.3**

(i) All attributable to continuing operations.

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37 Deferred taxation continued

The net deferred tax asset disclosed in the Consolidated Statement of Financial Position in respect of deferred interest, tax losses and tax credits is analysed as follows:

	At 30 September 2018 £m	At 30 September 2017 £m
UK	**40.1**	41.2
Rest of Europe	**1.2**	1.5
North America	**15.7**	18.8
	57.0	61.5

These losses have been recognised on the basis that the Directors are of the opinion, based on recent and forecast trading, that sufficient suitable taxable profits will be generated in the relevant territories in future accounting periods, such that it is considered probable that these assets will be recovered. Of these assets £5.0 million (2017 £18.9 million) have expiry dates between 2033 and 2038.

There is an unrecognised deferred tax asset of £49.7 million (2017 £75.4 million) which relates to revenue losses and £96.1 million (2017 £131.4 million) which relates to deferred interest where there is insufficient certainty that these losses will be utilised in the foreseeable future. There is an additional unprovided deferred tax asset relating to capital losses carried forward of £113.9 million (2017 £127.4 million). Of these assets £0.8 million (2017 £40.1 million) have expiry dates between 2033 and 2038.

No deferred tax liability is recognised on temporary differences of £74.6 million (2017 £58.8 million) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The temporary differences at 30 September 2018 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may still result in a tax liability, principally as a result of dividend withholding taxes levied by the overseas tax jurisdictions in which these subsidiaries operate.

38 Called-up share capital

	Allotted, issued and fully paid At 30 September 2018 £m	Allotted, issued and fully paid At 30 September 2017 £m
Ordinary Shares of 12.5 pence each	**2.5**	2.5
A Ordinary Non-Voting Shares of 12.5 pence each	**42.8**	42.8
	45.3	45.3

	Allotted, issued and fully paid At 30 September 2018 Number of shares	Allotted, issued and fully paid At 30 September 2017 Number of shares
Ordinary Shares	**19,890,364**	19,890,364
A Ordinary Non-Voting Shares	**342,204,470**	342,204,470
	362,094,834	362,094,834

The two classes of shares are equal in all respects, except that the A Ordinary Non-Voting Shares do not have voting rights and hence their holders are not entitled to vote at general meetings of the Company.

39 Reserves

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Share premium account			
At start and end of the year		**17.8**	17.8
Capital redemption reserve			
At start and end of the year		**5.0**	5.0
Own shares			
At start of year		**(64.3)**	(88.7)
Purchase of DMGT shares	38, (ii)	**(14.3)**	(28.6)
Disposal of Group share of Euromoney own shares acquired	18	**–**	14.1
Own shares released on vesting of share options	(i)	**21.4**	38.9
At end of year		**(57.2)**	(64.3)

The Group's investment in its own shares represents shares held in treasury or shares held by an employee benefit trust to satisfy incentive schemes.

(i) During the period, the Company utilised 2.9 million A Ordinary Non-Voting Shares in order to satisfy incentive schemes. This represented 0.9% of the called-up A Ordinary Non-Voting Share capital at 30 September 2018.

(ii) The Company also purchased 2.2 million A Ordinary Non-Voting Shares having a nominal value of £0.3 million to match obligations under incentive plans. The consideration paid for these shares was £14.3 million.

At 30 September 2018, this investment comprised 4,812,419 A Ordinary Non-Voting Shares (2017 4,812,419 shares) held in treasury and 2,981,109 A Ordinary Non-Voting Shares (2017 3,710,764 shares) held in the employee benefit trust. The market value of the Treasury Shares at 30 September 2018 was £33.8 million (2017 £31.2 million) and the market value of the shares held in the employee benefit trust at 30 September 2018 was £20.9 million (2017 £24.1 million).

The employee benefit trust is independently managed and purchases shares in order to satisfy outstanding share options and potential awards under long-term incentive plans.

At 30 September 2018 options were outstanding under the terms of the Company's Executive Share Option Schemes, Long-Term Incentive Plans and nil-cost options, over a total of 3,075,745 A Ordinary Non-Voting Shares (2017 4,052,581 shares).

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Translation reserve			
At start of year		**74.9**	11.9
Foreign exchange differences on translation of foreign operations		**3.5**	8.7
Translation reserves recycled to Consolidated Income Statement on disposals	8, 18, 19	**(8.9)**	49.4
Transfer of (profit)/loss on cash flow hedges from translation reserve to Consolidated Income Statement		**(10.4)**	2.2
Change in fair value of cash flow hedges		**4.9**	(1.8)
(Loss)/gain on hedges of net investments in foreign operations		**(2.1)**	4.5
At end of year		**53.5**	74.9

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39 Reserves continued

The translation reserve arises on the translation into sterling of the net assets of the Group's foreign operations, offset by changes in fair value of financial instruments used to hedge this exposure.

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
Retained earnings			
At start of year		**829.5**	359.8
Profit for the period		**689.4**	345.3
Dividends paid	12	**(81.0)**	(78.3)
Actuarial gain on defined benefit pension schemes	35	**183.6**	296.4
Credit to equity for share-based payments	15	**10.8**	4.0
Settlement of exercised share options of subsidiaries		**(13.8)**	(38.4)
Adjustment to equity following increased stake in controlled entity		**–**	0.4
Adjustment to equity following decreased stake in controlled entity		**–**	(0.3)
Corporation tax on share-based payments		**2.3**	–
Deferred tax on actuarial movement	37	**(31.2)**	(49.3)
Deferred tax on other items recognised directly in equity	37	**(6.8)**	(0.4)
Share of items recognised in Statement of Comprehensive Income by the Group's associated undertakings	7	**14.7**	(9.7)
At end of year		**1,597.5**	829.5
At end of year – total reserves		**1,616.6**	862.9

40 Non-controlling interests

	Note	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
At start of year		**11.0**	178.2
Share of loss for the period		**(1.2)**	(3.0)
Dividends paid		**(0.2)**	–
Shares issued		**–**	0.5
Loss on hedges of net investments in foreign operations		**–**	(5.5)
Transfer of loss on cash flow hedges to Consolidated Income Statement		**–**	1.1
Change in fair value of cash flow hedges		**–**	(0.9)
Foreign exchange differences on translation of foreign operations		**0.2**	11.4
Actuarial gain on defined benefit pension schemes	35	**–**	2.7
Credit to equity for share-based payments	15	**–**	0.1
Adjustment to non-controlling interest following decreased stake in controlled entity		**–**	0.3
Adjustment to non-controlling interest following increased stake in controlled entity		**–**	(2.6)
Other transactions with non-controlling interests		**–**	(0.2)
Recycled to Consolidated Income Statement on disposals	8, 18	**3.7**	(171.1)
At end of year		**13.5**	11.0

The movement in the non-controlling interest in Euromoney is as follows:

	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
At start of year	–	158.9
Share of profit for the period	–	3.4
Adjustment to non-controlling interest following decreased stake in controlled entity	–	0.3
Adjustment to non-controlling interest following increased stake in controlled entity	–	0.1
Other transactions with non-controlling interests	–	8.4
Recycled to Consolidated Income Statement on disposals	–	(171.1)
At end of year	–	–

41 Commitments and contingent liabilities

Commitments

At 30 September 2018, the Group had outstanding capital expenditure commitments as follows:

	At 30 September 2018 £m	At 30 September 2017 £m
Property, plant and equipment		
Contracted but not provided in the financial statements	–	–

At 30 September 2018, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	At 30 September 2018 Properties £m	At 30 September 2017 Properties £m	At 30 September 2018 Plant and equipment £m	At 30 September 2017 Plant and equipment £m
Within one year	**26.9**	25.1	**1.3**	1.4
Between one and two years	**22.8**	23.8	**1.0**	1.0
Between two and five years	**45.8**	49.4	**0.7**	1.0
After five years	**11.4**	11.7	–	–
	106.9	110.0	**3.0**	3.4

The Group's most significant leasing arrangements relate to rented properties. The Group negotiates lease contracts according to the Group's needs with a view to balancing stability, security of tenure and lease terms against the risk of entering into excessively long or onerous arrangements.

Of the Group's rented properties, the most significant operating lease commitments relate to the DMGT head office premises at 2 Derry Street, London W8 5TT, which expires in December 2022, and to the RMS head office premises at 7575 Gateway Blvd, Newark, California which expires in December 2020.

At 30 September 2018, the Group had outstanding commitments under non-cancellable agreements made to secure venues for future events and exhibitions which fall due as follows:

	At 30 September 2018 £m	At 30 September 2017 £m
Within one year	**17.1**	12.6
Between one and two years	**6.2**	13.3
Between two and five years	–	7.6
	23.3	33.5

We identified that the lease commitment relating to a new lease entered into in 2017 had not been recorded in the lease commitment note in 2017. All charges related to the lease has been accurately recorded and hence the only adjustment required is to this note. The impact of this change was to increase the lease commitment in 2017 from £14.8 million to £33.5 million.

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41 Commitments and contingent liabilities continued

The Group has entered into arrangements with ink suppliers to obtain ink for the period to December 2020 at competitive prices and to secure supply. At 30 September 2018, the commitment to purchase ink over this period was £21.7 million (2017 £24.2 million).

The Group has entered into agreements with various printers for periods up to December 2022 at competitive prices and to secure supply. At 30 September 2018, the commitment to purchase printing capacity over this period was £29.1 million (2017 £39.4 million).

The Group has entered into a number of arrangements with Microsoft to provide cloud infrastructure to the Insurance Risk segment until June 2019. At 30 September 2018, the remaining balance was prepaid resulting in no further outstanding commitment (2017 £12.1 million commitment).

Contingent liabilities

The Group has issued standby letters of credit amounting to £3.3 million (2017 £3.5 million).

The Group is exposed to libel claims in the ordinary course of business and vigorously defends against claims received. The Group makes provision for the estimated costs to defend such claims and provides for any settlement costs when such an outcome is judged probable.

Four writs claiming damages for libel were issued in Malaysia against Euromoney, an associate, and three of Euromoney's employees in respect of an article published in one of the Company's magazines, International Commercial Litigation, in November 1995. The writs were served on Euromoney on 22 October 1996. Two of these writs have been discontinued. The total outstanding amount claimed on the two remaining writs is Malaysian Ringgit 83.4 million (£15.5 million). No provision has been made for these claims by Euromoney as Euromoney does not believe it has any material liability in respect of these writs.

In January 2018, the European Commission conducted an unannounced inspection at Euromoney's Brussels office of RISI Sprl (RISI), a wholly-owned subsidiary of Euromoney, as part of an investigation into the sector of kraft paper and industrial paper sacks in the European Union/European Economic Area. Provision is made for the outcome of tax, legal and other disputes where it is both probable that the Company will suffer an outflow of funds and it is possible to make a reliable estimate of that outflow. No proceedings have been issued and Euromoney is unable to make a reliable estimate of any potential liability, therefore no provision has been recognised by Euromoney.

The Group's Energy Information business (Genscape) provided a real-time third-party auditor service verifying Renewable Identification Numbers (RINs) for renewable fuel production activities in the US, as part of the Renewable Fuel Standard Quality Assurance Program (Program), a regulatory program administered by the US Environmental Protection Agency (EPA).

Following discovery and self-reporting to the EPA by Genscape of potential fraudulent RINs generated by third parties but verified by Genscape under the Program, the EPA issued a notice of intent to revoke the ability of Genscape to verify RINs as a third-party auditor.

EPA regulations for the Program set a liability cap on replacement of invalid RINs of 2.0% of the RINs. Genscape voluntarily paid the 2.0% liability cap associated with the invalid RINs at a cost of $1.3 million, based on the then-prevailing market rates, subject to a reservation of rights. The EPA regulations allow for situations where the cap does not apply - including auditor fraud and negligence.

The EPA has not formally alleged any wrongdoing by Genscape but the EPA continues to consider a proposed action to seek Genscape to retire, at the current market price, a maximum of 68 million of RINs verified by Genscape. RINs trade in a volatile range currently averaging approximately 45 cents which equates to a theoretical maximum claim of approximately $31.0 million. Genscape has made no provision for any future claim which may be payable.

Genscape continues to co-operate with EPA and discussions are ongoing.

42 Share-based payments

The Group offers a number of share-based remuneration schemes to Directors and certain employees. The principal schemes comprise share options under the DMGT, Insurance Risk, Energy Information, Property Information and Consumer Media segments. Share options are exercisable after three years, subject in some cases to the satisfaction of performance conditions, and up to 10 years from the date of grant at a price equivalent to the market value of the respective shares at the date of grant. Details of the performance conditions relating to the DMGT schemes are explained in the Remuneration Report.

The charge to the Consolidated Income Statement is as follows:

Segment	Scheme	Year ended 30 September 2018 £m	Year ended 30 September 2017 £m
DMGT Board and Corporate Costs	Executive Share Option Scheme	**–**	(0.1)
	Equity-Settled Executive Bonuses	**0.1**	(0.2)
	Long-Term Incentive Plan	**5.6**	0.7
Insurance Risk	Option Plan	**1.1**	1.0
Euromoney	Capital Appreciation Plan	**–**	0.2
Energy Information	Option Plan	**0.1**	0.2
Property Information	Option Plan	**0.3**	0.1
Consumer Media	Long-Term Incentive Plan	**2.9**	2.0
Social security costs		**1.4**	0.1
		11.5	4.0

The fair value of share options for each of these schemes was determined using a Black-Scholes model. Full details of inputs to the models, particular to each scheme, are set out below. With respect to all schemes, expected volatility has been estimated, based upon relevant historic data in respect of the DMGT A Ordinary Non-Voting Share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability.

The Group did not reprice any of its outstanding options during the period.

Further details of the Group's significant schemes are set out below:

DMGT 2006 Executive Share Option Scheme

Under the DMGT 2006 Executive Share Option Scheme, each award of options has a maximum life of 10 years. The maximum award limit is 100% of salary in any year in normal circumstances and 200% of salary in exceptional circumstances. Awards will not normally vest until three years after the award and the performance conditions have been met. No options were outstanding to Directors during the period.

	Year ended 30 September 2018 Number of share options	Year ended 30 September 2018 Weighted average exercise price £	Year ended 30 September 2017 Number of share options	Year ended 30 September 2017 Weighted average exercise price £
Outstanding at 1 October 2017	**885,743**	**6.16**	1,527,614	6.34
Granted during the period	**100,000**	**6.40**	75,000	7.88
Forfeited during the period	**(8,000)**	**5.05**	(555,232)	7.17
Exercised during the period	**(242,626)**	**4.66**	(157,163)	5.08
Expired during the period	**(321,803)**	**7.50**	(4,476)	6.88
Outstanding at 30 September 2018	**413,314**	**6.21**	885,743	6.16
Exercisable at 30 September 2018	**178,314**	**5.12**	472,409	5.28
Exercisable at 1 October 2017	**472,409**	**5.28**	550,579	4.65

The aggregate of the estimated fair values of the options granted during the period is £0.1 million (2017 £0.6 million). The options outstanding at 30 September 2018 had a weighted average remaining contractual life of 5.6 years (2017 4.8 years).

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42 Share-based payments continued

The inputs into the Black-Scholes model are as follows:

Date of grant	26 January 2009	14 December 2009	6 December 2010	5 December 2011	27 June 2012
Market value of shares at date of grant (£)	2.53	4.04	5.39	3.98	3.91
Option price (£)	2.53	4.04	5.39	3.98	3.91
Number of share options outstanding	1,887	13,427	6,000	9,000	100,000
Term of option (years)	10	10	10	10	10
Assumed period of exercise after vesting (years)	7	7	7	7	7
Exercise price (£)	2.53	4.04	5.39	3.98	3.91
Risk-free rate (%)	3.00	3.00	2.00	1.50	1.00
Expected dividend yield (%)	5.81	3.64	2.97	4.27	4.43
Volatility (%)	40.00	40.00	30.00	30.00	30.00
Fair value per option (£)	0.56	1.13	1.22	0.71	0.70

Date of grant	17 December 2012	9 December 2013	10 December 2014	14 December 2015	6 December 2016
Market value of shares at date of grant (£)	5.27	9.16	8.29	7.06	7.88
Option price (£)	5.27	9.16	8.29	7.06	7.88
Number of share options outstanding	8,000	25,000	15,000	60,000	75,000
Term of option (years)	10	10	10	3	3
Assumed period of exercise after vesting (years)	7	5	5	7	2
Exercise price (£)	5.27	9.16	8.29	7.06	7.88
Risk-free rate (%)	1.00	1.50	1.08	1.19	1.25
Expected dividend yield (%)	3.42	2.00	2.77	3.26	3.02
Volatility (%)	30.00	25.00	25.70	25.10	26.00
Fair value per option (£)	0.98	1.69	1.31	0.93	0.83

Date of grant	8 February 2018
Market value of shares at date of grant (£)	6.40
Option price (£)	6.40
Number of share options outstanding	100,000
Term of option (years)	3
Assumed period of exercise after vesting (years)	7
Exercise price (£)	6.40
Risk-free rate (%)	0.82
Expected dividend yield (%)	3.24
Volatility (%)	27.88
Fair value per option (£)	0.94

Nil-cost options under the DMGT Executive Bonus Scheme

Since December 2009 a portion of the bonus earned by Executive Directors under the Executive Bonus Scheme has been deferred into shares in the form of nil-cost options. These options are to the value of the equity portion of the bonus and are fully expensed in the period in which they are earned. Further details are shown in the Remuneration Report.

	Year ended 30 September 2018 Number of share options	Year ended 30 September 2018 Weighted average exercise price £	Year ended 30 September 2017 Number of share options	Year ended 30 September 2017 Weighted average exercise price £
Outstanding at 1 October 2017	**263,796**	**–**	792,274	–
Granted during the period	**14,404**	**–**	–	–
Forfeited during the period	**–**	**–**	(15,666)	–
Exercised during the period	**(10,893)**	**–**	(512,812)	–
Outstanding at 30 September 2018	**267,307**	**–**	263,796	–
Exercisable at 30 September 2018	**252,903**	**–**	250,992	–
Exercisable at 1 October 2017	**250,992**	**–**	735,803	–

The aggregate of the estimated fair values of the awards granted during the period is £nil (2017 £nil). The awards outstanding at 30 September 2018 had a weighted average remaining contractual life of 1.2 years (2017 2.0 years).

DMGT Long-Term Incentive Plan

Details of the terms and conditions relating to this scheme are set out in the Remuneration Report.

	Year ended 30 September 2018 Number of share options	Year ended 30 September 2018 Weighted average exercise price £	Year ended 30 September 2017 Number of share options	Year ended 30 September 2017 Weighted average exercise price £
Outstanding at 1 October 2017	**2,903,042**	**–**	3,521,726	–
Granted during the period	**372,598**	**–**	626,615	–
Forfeited during the period	**–**	**–**	(441,662)	–
Exercised during the period	**(646,985)**	**–**	(803,637)	–
Expired during the period	**(233,531)**	**–**	–	–
Outstanding at 30 September 2018	**2,395,124**	**–**	2,903,042	–
Exercisable at 30 September 2018	**–**	**–**	–	–
Exercisable at 1 October 2017	**–**	**–**	–	–

The aggregate of the estimated fair values of the awards granted during the period is £2.2 million (2017 £4.5 million).

The awards outstanding at 30 September 2018 had a weighted average remaining contractual life of 1.4 years (2017 1.4 years).

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42 Share-based payments continued

Options under the DMGT Long-Term Incentive Scheme

The inputs into the Black-Scholes model are as follows:

Date of grant	9 December 2013	22 December 2014	14 December 2015	14 December 2015	28 February 2017
Market value of shares at date of grant (£)	9.16	8.11	6.71	6.71	6.71
Option price (£)	Nil	Nil	Nil	Nil	Nil
Number of share options outstanding	258,976	291,331	499,387	346,217	301,650
Term of option (years)	5	5	3	4	3
Assumed period of exercise after vesting (years)	Nil	Nil	Nil	Nil	Nil
Exercise price (£)	Nil	Nil	Nil	Nil	Nil
Risk-free rate (%)	Nil	Nil	Nil	Nil	Nil
Expected dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Volatility (%)	Nil	Nil	Nil	Nil	Nil
Fair value per option (£)	9.16	8.11	6.71	6.71	6.71

Date of grant	30 May 2017	30 May 2017	14 December 2017	16 January 2018	18 January 2018
Market value of shares at date of grant (£)	7.17	7.17	5.63	6.06	5.63
Option price (£)	Nil	Nil	Nil	Nil	Nil
Number of share options outstanding	136,681	188,284	57,605	53,911	180,036
Term of option (years)	2	1	3	3	3
Assumed period of exercise after vesting (years)	Nil	Nil	Nil	Nil	Nil
Exercise price (£)	Nil	Nil	Nil	Nil	Nil
Risk-free rate (%)	Nil	Nil	Nil	Nil	Nil
Expected dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Volatility (%)	Nil	Nil	Nil	Nil	Nil
Fair value per option (£)	7.17	7.17	5.63	6.06	5.63

Date of grant	18 January 2018	14 June 2018	13 August 2018
Market value of shares at date of grant (£)	5.63	5.63	7.19
Option price (£)	Nil	Nil	Nil
Number of share options outstanding	22,202	22,202	36,642
Term of option (years)	2	3	3
Assumed period of exercise after vesting (years)	Nil	Nil	Nil
Exercise price (£)	Nil	Nil	Nil
Risk-free rate (%)	Nil	Nil	Nil
Expected dividend yield (%)	Nil	Nil	Nil
Volatility (%)	Nil	Nil	Nil
Fair value per option (£)	5.63	5.63	7.19

DMGT Long-Term Executive Incentive Plan Award 2017

This plan entitles certain executives to a percentage share of eligible profit growth over a three-year performance period.

The award is settled in A Ordinary Non-Voting Shares based on the later of the average share price for the first three days following release of the current year financial results or the date of employment.

The charge for the period in the Consolidated Income Statement for this award amounts to £6.9 million (2017 £0.5 million) and is included in the Long-Term Incentive Plan charge.

Insurance Risk (RMS) option plan

RMS options are granted at market value. The options become exercisable after a four-year vesting period and lapse ten years and five years from grant date under the 2001 and 2005 option plans respectively. The stock issued under the plan is subject to put or call options where DMGT has the right to settle in DMGT A Ordinary Non-Voting Shares or cash. The option plan classification changed from a cash-settled plan in June 2005 to an equity-settled plan following this change of settlement feature of stock issued under the plan. After 30 September 2011 options under the 2001 and 2005 plan were no longer awarded.

During the year ended 30 September 2011 RMS introduced the Executive Incentive Plan (EIP) and the Long-Term Incentive Plan (LTIP). Under the EIP options and Restricted Stock Units (RSU) were awarded to senior management. Under the LTIP RSUs were awarded to key employees. The options and RSUs were granted at market value under both plans. The options vest based on the conditions of time and company performance at three and five years from date of grant. The options lapse after seven years from grant date. The RSUs under both plans vest annually over three years.

A 2014 Equity Award Plan (the Plan) was introduced during the year ended 30 September 2014. Under the Plan options and RSUs, both time and performance based, are granted to employees who are deemed to be in a position to contribute to the long-term success of RMS.

The RSU expense is determined by the fair market value of RMS stock at the date of grant. The expense is amortised using an accelerated method. Under this method the RSUs are equally allocated to each of the three annual vesting components and the related expense is amortised over 12, 24, and 36 months respectively.

In November 2014, RMS approved an option exchange programme allowing RMS option holders to exchange their existing out-of-the-money options for new options with a strike price of US$40.0 or RSUs where eligible.

In 2015 RMS introduced the 2015 stock option plan which was adopted in January 2016. Options granted under this plan vest on satisfaction of two conditions – a four year service period and the occurrence of an initial public offering of RMS or an event in which the Group ceases to hold at least 50.0% of the voting rights of RMS.

	Year ended 30 September 2018 Number of share options	Year ended 30 September 2018 Weighted average exercise price US$	Year ended 30 September 2017 Number of share options	Year ended 30 September 2017 Weighted average exercise price US$
Outstanding at 1 October 2017	**15,031,520**	**9.31**	12,954,350	9.18
Granted during the period	**3,896,106**	**9.62**	5,244,596	9.52
Forfeited during the period	**(8,594,253)**	**9.27**	(2,943,930)	9.08
Exercised during the period	**(1,174,800)**	**10.00**	(223,496)	9.68
Outstanding at 30 September 2018	**9,158,573**	**9.35**	15,031,520	9.31
Exercisable at 30 September 2018	**453,824**	**10.16**	1,648,124	10.04
Exercisable at 1 October 2017	**1,648,124**	**10.04**	1,537,824	10.03

The weighted average share price at the date of exercise for share options exercised during the period was US$10.24 (2017 US$10.11).

The options outstanding at 30 September 2018 had a weighted average remaining contractual life of 8.2 years (2017 8.0 years).

The inputs into the Black-Scholes model are as follows:

Date of grant	During 2014	During 2015	During 2016	During 2017	During 2018
Market value of shares at date of grant (US$)	14.59	10.00	9.04	10.11	10.24
Option price (US$)	14.59	10.00	9.04	9.52	9.63
Number of share options outstanding	16,000	437,824	3,596,010	2,280,264	2,828,475
Term of option (years)	7	7	10	10	10
Assumed period of exercise after vesting (years)	3-6	4-5	6	4	6
Exercise price (US$)	14.59	10.00	9.04	9.52	9.63
Risk-free rate (%)	1.25	1.25	1.10	1.00	1.71
Expected dividend yield (%)	2.91	3.63	Nil	Nil	Nil
Volatility (%)	28.81	25.63	25.60	35.00	25.60
Fair value per option (US$)	2.70	1.44	2.58	4.00	2.75

Expected volatility was determined by calculating the historical volatility of comparable companies.

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42 Share-based payments continued
Insurance Risk (RMS) RSU awards

	Year ended 30 September 2018 Number of RSUs	Year ended 30 September 2018 Weighted average exercise price US$	Year ended 30 September 2017 Number of RSUs	Year ended 30 September 2017 Weighted average exercise price US$
Outstanding at 1 October 2017	**269,781**	**–**	1,406,356	–
Forfeited during the period	**(14,332)**	**–**	–	–
Vested during the period	**(244,535)**	**–**	(889,499)	–
Expired during the period	**–**	**–**	(247,076)	–
Outstanding at 30 September 2018	**10,914**	**–**	269,781	–

43 Ultimate holding company
The Company's immediate parent Company is Rothermere Continuation Limited (RCL), a company incorporated in Bermuda.

Daily Mail and General Trust plc is the only company in the Group to prepare consolidated financial statements.

44 Related party transactions
Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The transactions between the Group and its joint ventures and associates are disclosed below.

For the purposes of IAS 24, Related Party Disclosures, executives below the level of the Company's Board are not regarded as related parties.

The remuneration of the Directors at the year end, who are the key management personnel of the Group, is set out in aggregate in the audited part of the Directors' Remuneration Report.

Ultimate controlling party
RCL is a holding company incorporated in Bermuda. The main asset of RCL is its 100.0% holding of DMGT Ordinary Shares. RCL has controlled the Company for many years and as such is its immediate parent Company. RCL is owned by a trust (the Trust) which is held for the benefit of Viscount Rothermere and his immediate family. The Trust represents the ultimate controlling party of the Company. Both RCL and the Trust are administered in Jersey, in the Channel Islands. RCL and its directors, the Trust and its beneficiaries are related parties of the Company.

Transactions with Directors
During the period, Forsters LLP in which Mr A Lane, a Non-Executive Director of the Company, is a partner, provided legal services to the Company amounting to £14,820 (2017 £13,970).

Transactions with joint ventures and associates
Details of the Group's principal joint ventures and associates are set out in Note 24.

Associated Newspapers Ltd (ANL) holds a 50.0% (2017 50.0%) shareholding in Artirix Ltd (Artirix), a joint venture. During the period, the Group received services totalling £nil (2017 £0.2 million) from Artirix. ANL disposed of its shareholding in Artirix during the period.

ANL has a 50.0% (2017 50.0%) shareholding in Northprint Manchester Ltd, a joint venture. The net amount due to ANL of £5.8 million (2017 £5.8 million) has been fully provided.

Mail Media, Inc. has a 50.0% (2017 50.0%) shareholding in Daily Mail On Air, a joint venture. During the period, Mail Media, Inc. provided funding amounting to £4.9 million (2017 £0.2 million). At 30 September 2018, £5.9 million (2017 £0.2 million) was owed by Daily Mail On Air.

DMG US Investments, Inc. has a 45.0% (2017 45.0%) shareholding in Truffle Pig LLC, an associate. Funding provided by DMG US Investments, Inc. in a prior period amounting to £0.2 million remained outstanding at 30 September 2018.

DMGV Ltd (DMGV, formerly known as DMG Media Investments Ltd) has a 23.9% (2017 23.9%) shareholding in Excalibur Holdco Ltd (Excalibur), an associate. During the period, services provided to Excalibur amounted to £0.6 million (2017 £0.7 million). At 30 September 2018, amounts due from Excalibur amounted to £0.1 million (2017 £3.8 million), together with loan notes of £17.3 million (2017 £13.6 million). The loan notes carry a coupon of 10.0% and £4.0 million (2017 £2.3 million) was outstanding in relation to this coupon at 30 September 2018.

DMGV has a 19.9% (2017 22.1%) shareholding in Zipjet Ltd (Zipjet), an associate. Services provided to Zipjet during the period amounted to £nil (2017 £0.1 million).

DMGV has a 25.8% shareholding in Yopa Property Ltd (Yopa), an unlisted investment. During the period, the Consumer Media segment provided services to Yopa amounting to £0.5 million. At 30 September 2018, £0.1 million was owed by Yopa.

DMGZ Ltd (DMGZ) has a 49.8% (2017 49.9%) shareholding in Euromoney Institutional Investor PLC (Euromoney), an associate. During the period, services were recharged to Euromoney amounting to £0.1 million (2017 £0.4 million) and consortium relief losses were surrendered under an agreement between Euromoney and the Group amounting to a rebate of £0.1 million (2017 £0.4 million). At 30 September 2018, £nil (2017 £0.5 million) was owed by Euromoney. During the prior period, on 6 January 2017, Euromoney completed an off-market purchase of 19,247,173 Euromoney ordinary shares from the Group for cancellation at a price of £9.75 per share.

During the period, DMGZ and DMG Charles Ltd received dividends totalling £17.1 million (2017 £18.8 million) from Euromoney.

During the period, DMG World Media (2006) Ltd recharged costs amounting to £0.3 million (2017 £0.2 million) to BCA Research, Inc., a Euromoney subsidiary.

During the period, ANL recharged costs amounting to £1.4 million (2017 £0.2 million) to Euromoney. At 30 September 2018, £0.3 million (2017 £0.1 million) was owed by Euromoney.

During the period, Euromoney provided services to Risk Management Solutions Ltd amounting to £0.1 million (2017 £0.1 million).

DMGZ had a 29.9% (2017 29.8%) shareholding in ZPG Plc (ZPG), an associate. During the period, DMGZ received dividends of £5.0 million (2017 £7.3 million) from ZPG. On 18 June 2018, DMGZ disposed of its entire shareholding in ZPG.

During the period, Landmark Information Group Ltd (Landmark) charged management fees of £0.3 million (2017 £0.3 million) and recharged costs of £0.1 million (2017 £0.2 million) to Point X Ltd (Point X), a joint venture. Point X received royalty income from Landmark of £0.1 million (2017 £0.1 million).

Decision Insight Information Group (UK) Ltd (DIIG UK) has a 50.0% (2017 50.0%) shareholding in Decision First Ltd (DF), a joint venture. During the period, DIIG UK recharged costs to DF amounting to £0.2 million (2017 £0.2 million), charged management fees amounting to £0.1 million (2017 £nil) and received dividends from DF of £0.4 million (2017 £0.6 million).

On-Geo GmbH (On-Geo) has a 50.0% (2017 50.0%) shareholding in HypoPort On-Geo (HypoPort), a joint venture. During the period, HypoPort made purchases from On-Geo amounting to £9.1 million (2017 £8.2 million). During the period, On-Geo received dividends of £0.1 million (2017 £nil) from HypoPort. At 30 September 2018, £1.5 million (2017 £1.2 million) was owed by HypoPort.

RMSI Ltd (RMSI), a company which shares a common director with the Landmark Group, invoiced sales amounting to £2.7 million (2017 £1.6 million). Costs were recharged by Landmark to RMSI amounting to £0.7 million (2017 £0.8 million). At 30 September 2018, £0.4 million (2017 £0.4 million) was owed to RMSI by Landmark.

Hobsons, Inc. (Hobsons) has a 50.0% (2017 50.0%) shareholding in Knowlura, a joint venture. At 30 September 2018, £0.3 million (2017 £nil) was owed by Knowlura.

Risk Management Solutions, Inc. (RMS, Inc.) has a 20.0% (2017 20.0%) shareholding in OYO RMS Corporation (OYO), an associate. During the period, RMS, Inc. received a dividend of £0.4 million (2017 £nil) from OYO.

RMS, Inc. has a 25.9% (2017 29.6%) shareholding in Praedicat, Inc. (Praedicat), an associate. During the period, RMS, Inc. provided funding of £1.5 million (2017 £nil) to Praedicat.

Genscape, Inc. (Genscape) has a 55.9% shareholding in LineVision, Inc. (LineVision), an associate acquired in the period. During the period, Genscape sold assets with a net book value of US$0.1 million to LineVision for their fair value of US$2.1 million for nil cash proceeds. Since the Group's share of voting rights in the investment in LineVision is 49.0%, the Group does not have control but does have significant influence, therefore the investment has been treated as an associate.

Other related party disclosures

Under an agreement to guarantee the income generated from certain property assets held by the Harmsworth Pension Scheme which were purchased from the Group during a prior period, the Group was charged for rent and service charges in relation to the current period amounting to £0.3 million (2017 £0.5 million). At 30 September 2018, £0.1 million (2017 £0.1 million) was owed to the Harmsworth Pension Scheme by the Group.

At 30 September 2018, the Group owed £0.8 million (2017 £0.8 million) to the pension schemes which it operates. This amount comprised employees' and employer's contributions in respect of September 2018 payrolls.

The Group recharges its principal pension schemes with costs of investment management fees. The total amount recharged during the period was £0.3 million (2018 £0.3 million).

Contributions made during the period to the Group's retirement benefit plans are set out in Note 35, along with details of the Group's future funding commitments.

In July 2012, the Group entered into a contingent asset partnership whereby a £150.0 million loan note, guaranteed by the Group, was used to commit £10.8 million funding p.a. to the Harmsworth Pension Scheme. Interest payable to DMG Pension Partnership LP in the period totalled £11.0 million (2017 £11.0 million).

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45 Post balance sheet events

Pension equalisation

In October 2018, the High Court ruled in the Lloyds Banking Group ("LBG") case that UK pension schemes which had contracted out of the State Earnings Related Pension Scheme will need to equalise benefits for the effect of unequal Guaranteed Minimum Pensions (GMP) between men and women. The judgement also provided comments on the method to be adopted to equalise these benefits. Assuming that there is not a successful appeal, it is expected that the ruling will result in a non-cash past service charge.

Due to the timing of this ruling we cannot yet estimate the impact on DMGT with any reasonable certainty until our Scheme Actuary has carried out a full impact assessment.

Acquisitions

In October 2018, the Consumer Media segment acquired the remaining 50.0% of the share capital of DailyMailTV, previously a 50.0% joint venture for consideration of £4.7 million and DailyMailTV became a wholly-owned subsidiary.

46 Subsidiaries exempt from audit

The following UK subsidiaries will take advantage of the audit exemption set out within Section 479A of the Companies Act 2006 for the year ended 30 September 2018:

Subsidiary name	Company registration number
Northcliffe Media Ltd	03403993
DMG Events International Ltd	04118004
Daily Mail International Ltd	01966438
DMG Asset Finance Ltd	05528329
DMG Atlantic Ltd	04521108
DMG Business Media Ltd	02823743
DMG Charles Ltd	04211684
DMG Information Ltd	03708142

Subsidiary name	Company registration number
DMG Investment Holdings Ltd	03263138
DMG Minor Investments Ltd	04228751
DMGRH Finance Ltd	03191181
DMGZ Ltd	00272225
Harmsworth Royalties Ltd	04219212
Kensington Finance Ltd	03960683
Ralph US Holdings	06341444
Young Street Holdings Ltd	04485808

The Directors of Daily Mail and General Trust plc have confirmed that the Company will provide a guarantee under Section 479C in relation to the subsidiaries listed above.

No dormant subsidiaries have taken the exemption from preparing individual accounts by virtue of Section 394A of Companies Act 2006.

No dormant subsidiaries have taken the exemption from filing with the registrar individual accounts by virtue of Section 448A of Companies Act 2006.

The following UK subsidiaries will take advantage of the audit exemption set out within Section 480 of the Companies Act 2006, exemption from audit for dormant companies for the year ended 30 September 2018:

Subsidiary name	Company registration number
Justice for Sgt Blackman Ltd	09761390
The Mail on Sunday Ltd	01160545
AgRisk Ltd	02615156
Decision Insight Packco Ltd	05193569
Pico Information Ltd	11149692
Richards Gray Holdings Ltd	05778231
Richards Gray Ltd	03209331

Subsidiary name	Company registration number
Kensington US Holdings Ltd	06320636
Lincolnshire Media Ltd	00037928
Northcliffe Trustees Ltd	03394992
South West Wales Media Ltd	00120013
The Conveyancing Report Agency Ltd	04666668
The Western Gazette Co Ltd	00022796
Trepp Ltd	03087851

47 Full list of Group undertakings

Subsidiary name	Registered office	Country of incorporation or registration	Classes of shares held	% shareholding (% held directly by parent)
A&N International Media Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
A&N Media Finance Services Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
AgRisk Ltd	15 Canada Square, London E14 5GL	UK	Ordinary	100%
AN Mauritius Ltd	10th Floor, Standard Chartered Tower, 19 Cybercity, Ebène, Republic Of Mauritius, Mauritius	Mauritius	Ordinary	100%
Argyll Environmental Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary	100%
Asia Risk Centre Pte Ltd	3F, 19 Cecil Street, Singapore 049704	Singapore	Ordinary	100%
Associated Metro Holdings Ltd	15 Esplanade, St Helier, Jersey, JE1 1RB, Channel Islands	Jersey	Ordinary	100%
Associated Newspapers (Ireland) Ltd	Third Floor, Embassy House, Herbert Park Lane, Ballsbridge, Dublin 4 662817	Ireland	Ordinary	100%
Associated Newspapers Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Associated Newspapers North America, Inc.	Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, United States	USA	Common, Series A	100%
Atticus Events Ltd	Invision House, Wilbury Way, Hitchin, Hertfordshire SG4 0TY	UK	Ordinary	100%
Atticus Events MEA Ltd	Invision House, Wilbury Way, Hitchin, Hertfordshire SG4 0TY	UK	Ordinary, B ordinary, C ordinary	100%
AVMGE GmbH	ParsevalstraBe 2, 99092, Erfurt, Germany	Germany	Ordinary	89.9%
BuildFax, Inc.	42 N French Broad Ave, Asheville NC 28801, United States	USA	Common, Series A, B, C, D, E, G Preferred Stock	90.0%
Central Independent News and Media Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Commodity Vectors (Ireland) Ltd	c/o Anne Brady McQuillans DFK, Iveagh Court, Harcourt Road, Dublin 2	Ireland	Ordinary	100%
Commodity Vectors Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Conveyancing Searches Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Courier Media Group Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Daily Mail and General Holdings Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Daily Mail and General Investments Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Daily Mail and General Trust plc	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary and A ordinary non voting	N/A
Daily Mail International Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Daily Mail Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Dailymail.com Australia Pty Ltd	Level 12, 207 Kent Street, Sydney, NSW 2000	Australia	Ordinary	100%
Decision Insight Hub Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary	100%
Decision Insight Information Group (Europe) Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary	100%
Decision Insight Information Group (Ireland) Ltd (in process of liquidation)	39/40 Upper Mount Street, Dublin 2, Ireland	Ireland	Ordinary	100%
Decision Insight Information Group (UK) Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary	100%
Decision Insight Packco Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary	100%
Derby Telegraph Media Group Ltd	PO Box 6795, St George Street, Leicester LE1 1ZP	UK	Ordinary	100%
Digital H20, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Common	100%
DMG Angex Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
DMG Asset Finance Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
DMG Atlantic Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
DMG Business Media Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
DMG Charles Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
DMG Comet S.á.r.l.	595 Rue De Neudorf, L-2220, Luxembourg	Luxembourg	Ordinary	100%
DMG Comet S.á.r.l. US branch	2201 West Royal Lane, Irving, Texas 75603, United States	USA	Ordinary	100%
DMG Conference & Exhibition Services (Shanghai) Ltd	Room 428, Level 4, No 55 Xiya Road (Plot 5 Of Zone F), Shanghai, China	China	Ordinary	100%
DMG Consolidated Holdings Pty Ltd	Level 2, 452 Flinders Street, Melbourne VIC 3000, Australia	Australia	Ordinary	100%
DMG Development Co	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Ordinary	100%
DMG Events (Canada), Inc.	302, 1333 8 St SW, Calgary, Alberta T2R 1M6, Canada	Canada	Ordinary	100%
DMG Events (Doha), LLC	Level 14/15 Commercial Bank Plaza, West Bay, Doha, Qatar	Qatar	Ordinary	100%
DMG Events (MEA) Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
DMG Events (UK) Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%

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47 Full list of Group undertakings continued

Subsidiary name	Registered office	Country of incorporation or registration	Classes of shares held	% shareholding (% held directly by parent)
DMG Events (USA,) Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Common	100%
DMG Events Asia Pacific Pte Ltd	8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981	Singapore	Ordinary	100%
DMG Events Egypt Ltd	Office 1, Mezzanine Floor, Hall 2, Egypt International Exhibition Centre, Elmoushir Tantawy Axis, New Cairo, Egypt	Egypt	Ordinary	100%
DMG Events Energy Japan KK	Roppongi Hills Keyakizaka Terrace, 6151, Roppongi, Minatoku, Tokyo, Japan	Japan	Ordinary	100%
DMG Events India Private Ltd	Unit 1, Level 2, B Wing, Times Square, Andheri Kurla Road, Andheri, Mumbai, 400059, India	India	Ordinary	100%
DMG Events International Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
DMG Events, LLC,	Office 408, Salama Tower, Al Madinah, Al Munawarah Road, As Salamah District, PO Box 3650, Jeddah, Saudi Arabia	Saudi Arabia	Ordinary	100%
DMG Exhibition Management Services (PTY) Ltd	76 Eleventh Street, Parkmore, Johannesburg, 2196, South Africa	South Africa	Ordinary	100%
DMG India Private Ltd	402-409 4th Floor Of Square One, Saket District Centre, Delhi, South Delhi, Delhi – 110017	India	Ordinary	100%
DMG Information Asia Pacific Pte Ltd	8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981	Singapore	Ordinary	100%
DMG Information Hong Kong Company Ltd	27/F 248 Queen's Road East, Wanchai, Hong Kong	Hong Kong	Ordinary	100%
DMG Information Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
DMG Investment Holdings Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
DMG Ireland Holdings Ltd	Barry Caldwell & Co, 135 Hillside, Greystones, Co Wicklow	Ireland	Ordinary	100%
DMG Loanco Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
DMG Media Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
DMG Minor Investments Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
DMG Oceans Ltd	Scottish Daily Mail, 20 Waterloo Street, Glasgow, G2 6DB	UK	Ordinary	100%
DMG Plymouth Ltd	15 Canada Square, London E14 5GL	UK	Ordinary	100%
DMG US Investments, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Common	100%
DMG World Media Abu Dhabi Ltd	15 Esplanade, St Helier, Jersey, JE1 1RB, Channel Islands	Jersey	Ordinary	100%
DMG World Media Dubai (2006) Ltd	15 Esplanade, St Helier, Jersey, JE1 1RB, Channel Islands	Jersey	Ordinary	100%
DMGB Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
dmgi Land & Property Europe Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary	100%
DMGRH Finance Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
DMGT US Employee Services, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Common	100%
DMGT US, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Common, Series A	100%
DMGV Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
DMGZ Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
EDR Landmark Management Services Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary	100%
EI Cap II, LLC.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Membership interests	100%
Energy Fundamentals GmbH	Technoparkstrasse 1, 8005, Zurich, Switzerland	Switzerland	Ordinary	100%
Energytics, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Common	100%
Ensura Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary	100%
Enva Power, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Common	100%
Environmental Data Resources Holdings, Inc.	Corporation Services Company, 251 Little Falls Drive, Wilmington DE 19808, United States	USA	Common	100%
Estate Technical Solutions Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary A, Ordinary B, Ordinary C, Ordinary D, Ordinary E	100%
Eve 4 Ltd	15 Esplanade, St Helier, Jersey, JE1 1RB, Channel Islands	Jersey	Ordinary	100%
Ex TTH Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Fortress Digital Holdings, Inc.	Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, United States	USA	Ordinary	100%

Subsidiary name	Registered office	Country of incorporation or registration	Classes of shares held	% shareholding (% held directly by parent)
Genscape Asia, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Common	100%
Genscape Belgium SA	Pegasuslaan 5, 1831 Brussels Deigem, Belgium	Belgium	Ordinary	100%
Genscape Czech Republic s.r.o.	Empiria Na Strzi, 65/1702, 140 00 Parague 4, Prague	Czech Republic	Ordinary	100%
Genscape France	6 Place De La Madeleine, 75008, Paris, France	France	Ordinary	100%
Genscape Germany GmbH	Prinzenallee 7, 40549, Dusseldorf, Germany	Germany	Ordinary	100%
Genscape Iberia SL	C/Conde De Aranda, 1 2 DO Izquierda, 28001, Madrid, Spain	Spain	Ordinary	100%
Genscape, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Common	100%
Genscape Intangible Holding, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Common	100%
Genscape International, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Common	100%
Genscape Italy	Via Torino 2, 20123, Milan, Italy	Italy	Ordinary	100%
Genscape Japan, K.K.	Ark Hills Sengokuyama Mori Tower 28F, 1-9-10 Roppongi, Minato, Tokyo, Japan	Japan	Ordinary	100%
Genscape Mex, S. de R.L. de C.V.	1140 Garvin Place, Louisville, KY 40203, United States	Mexico	Common	100%
Genscape Natural Gas, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Common	100%
Genscape Netherlands	Damrak 20A, 1012 LH, Amsterdam, Netherlands	Netherlands	Ordinary	100%
Genscape Poland SA	Ul. Rzymowskiego, 02-697, Warsaw, Poland	Poland	Ordinary	100%
Genscape Slovakia s.r.o.	Kapitulska 18/A, Bratislava-Stare Mesto, 81101, Slovakia	Slovakia	Ordinary	100%
Genscape UK Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Gloucestershire Media Ltd	Begbies Traynor (London) LLP, 31st Floor, 40 Bank Street, London E14 5NR	UK	Ordinary	100%
GP Energy Management, LLC	131 Varick Street, Suite 1006, New York 10013, United States	USA	Membership units	100%
Gridfit, LLC.	3500 South Dupont Highway, c/o Interstate Agent Services, LLC, Dover 19901, United States	USA	Membership units	100%
Harmsworth Printing (Didcot) Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Harmsworth Printing Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Harmsworth Quays Printing Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Harmsworth Royalties Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Hobsons, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Common	100%
Inframation GmbH	ParsevalstraBe 2, 99092, Erfurt, Germany	Germany	Ordinary, Preference	100%
Instant Service AG	Peterstr. 1, 99084 Erfurt, Germany	Germany	Ordinary	49.9%
Justice for Sgt Blackman Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Limited by Guarantee	100%
Kensington Finance Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Kensington US Holdings Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Landmark Analytics Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary	100%
Landmark FAS Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary	100%
Landmark Information Group Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary, Ordinary A, Redeemable Preference	100%
Landmark International Holdings Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary	100%
Lawlink (UK) Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary	100%
Lincolnshire Media Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Locus Energy, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Common	100%
Mail Media, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Ordinary	50.0%
MailLife Financial Services Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Millar & Bryce Ltd	10th Floor 133 Finnieston Street, Glasgow, G3 8HB Scotland	UK	Ordinary	100%
Naviance, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States	USA	Common	100%
Northcliffe Media Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Northcliffe Trustees Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary A, Ordinary B	100%
Ochresoft Technologies Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Deferred, Ordinary, Ordinary A, Preference	100%
On-Geo GmbH	ParsevalstraBe 2, 99092, Erfurt, Germany	Germany	Ordinary	89.9%

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Subsidiary name	Registered office	Country of incorporation or registration	Classes of shares held	% shareholding (% held directly by parent)
Petrotranz Holdings, Inc.	855 – 2 Street SW, Suite 3500, Calgary AB T2P 4J8 Canada	Canada	Ordinary	100%
Petrotranz, Inc.	855 – 2 Street SW, Suite 3500, Calgary AB T2P 4J8 Canada	Canada	Ordinary	100%
Pico Information Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary	100%
Power Supply, LLC.	131 Varick Street, Suite 1008-1009, New York 10013, United States	USA	Class A membership units	100%
Quest End Computer Services Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary	100%
Ralph US Holdings	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Richards Gray Holdings Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary A	100%
Richards Gray Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary	100%
Risk Management Solutions (Bermuda) Ltd	Milner House, 18 Parliament Street, Hamilton, HM 12 Bermuda	Bermuda	Ordinary	98.0%
Risk Management Solutions (Swiss)	Zweigniederlassung Zürich, Stampfenbachstrasse 85, CH-8006 Zurich, Switzerland	Switzerland	Ordinary	98.0%
Risk Management Solutions, Inc.	7515 Gateway Blvd, Newark, CA 94560, United States	USA	Common	98.0%
Risk Management Solutions Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	98.0%
Risk Management Solutions Ltd (China)	12th Floor, Office 1205F, Beijing Excel Centre, No.6 Wudinghou Street, Xicheng District Beijing , 100033, PR China	China	Common	98.0%
RMS Japan KK	Akasaka Kikyo Building 4th Floor, 11-15 Akasaka 3-Chome, Minato-Ku, Tokyo, 107-0052 Japan	Japan	Ordinary	98.0%
RMS Risk Management Solutions India Pte Ltd	406-407, Pooja Complex 22, Veer Savarkar Block, Shakarpur, Delhi 110092 India	India	Ordinary Voting	100%
RMS Technologies Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
RMS Worldwide, Inc.	7515 Gateway Blvd, Newark, CA 94560, United States	USA	Common	98.0%
Rochford Brady Legal Services Ltd	39/40 Upper Mount Street, Dublin 2, Ireland	Ireland	Ordinary	100%
SearchFlow Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary	100%
South West Wales Media Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Springthorpe Drake, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Ordinary	100%
Starfish Retention Solutions, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Common	100%
Stennet Websites Plc	Barry Caldwell & Co, 135 Hillside, Greystones, Co Wicklow	Ireland	Ordinary	71.0%
The Conveyancing Report Agency Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
The Mail on Sunday Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
The Petrochemical Standard, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Ordinary	100%
The Western Gazette Co Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Trepp Holdings, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Common	100%
Trepp, LLC.	477 Madison Avenue, New York, NY 10022, United States	USA	Membership Interests	100%
Trepp Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Trepp Port, LLC.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Ordinary	51.0%
Trepp UK Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Vesseltracker.com GmbH	Mundsburger Damm 14, D-22087, Hamburg, Germany	Germany	Ordinary	100%
Watervale Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	UK	Ordinary	100%
Web2 d.o.o.	Park Rajhl Ferenca 8, 24000 Subotica, Severno-Bački – Serbia	Serbia	Ordinary	51.0%
Young Street Holdings Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%

All subsidiaries are included in the consolidated financial statements of the Group.

* Direct investment held by the parent Company Daily Mail and General Trust plc (DMGT). All other subsidiaries are held indirectly through subsidiaries of DMGT.

(i) Principal place of business in the UAE.

(ii) Principal place of business in the UK.

Joint Venture name	Address of principal place of business	Classes of shares held	Financial year end	% capital included in consolidation
Daily Mail On-Air, LLC	137 N Larchmont Blvd, #705, Los Angeles, California, 90004, United States	Membership interests	30 December	50.0%
Decision First Ltd	Cardinal House, 9 Manor Road, Leeds, West Yorkshire, LS11 9AH	Ordinary	31 December	50.0%
Hypoport On-Geo GmbH	Klosterstr. 71, 10179 Berlin, Germany	Ordinary	31 December	50.0%
Knowlura, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	Common	30 September	50.0%
Northprint Manchester Ltd	PO Box 68164, Kings Place, 90 York Way, London N1P 2 AP	Ordinary	31 March	50.0%
Point X Ltd	5-7 Abbey Court, Eagle Way, Sowton, Exeter, Devon EX2 7HY	Ordinary B	31 March	50.0%
The Sanborn Map Company, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	Ordinary	31 December	49.0%

The Group has joint control over all of the joint ventures listed above, because key operating decisions require the unanimous consent of the Group and the other investor(s).

Associate name	Address of principal place of business	Country of incorporation or registration	Classes of shares held	% shareholding
AlsoEnergy Holdings, Inc.	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE 19801, United States	USA	Series A, Common	20.0%
Eatfirst UK Ltd	203 Railway Arches, Barnardo Street, London E1 0LL	UK	Series A1	7.7%
ES London Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary	100%
Euromoney Institutional Investor PLC	8 Bouverie Street, London EC4Y 8AX	UK	Ordinary	49.8%
Excalibur Holdco Ltd	Wowcher Towers, 12-27 Swan Yard, Islington, London N1 1SD	UK	B Ordinary	23.9%
Fortress Digital, LLC	48 West 21st Street 4th Floor, New York NY 10010, United States	USA	Ordinary	49.9%
Funcent DMG Information Technology Hong Kong Company Ltd	27/F 248 Queen's Road East, Wanchai, Hong Kong	Hong Kong	Ordinary	23.6%
Global Event Partners Ltd	Suite 1, 3rd Floor, 11-12 St. James's Square, London SW1Y 4LB	UK	Ordinary	15.0%
Independent Television News Ltd	200 Grays Inn Road, London WC1X 8XZ	UK	Ordinary	20.0%
iProf Learning Solutions India Pte Ltd	G-15 / G-3, Gf Dilshad Colony, New Delhi, 110095, India	India	Ordinary	10.8%
Liases Foras Real Estate Rating and Research Private Ltd	Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, United States	India	Equity Share, Series A Compulsary, Cumulative Convertible Preference Shares	30.5%
LineVision, Inc.	501 Boylston St, Suite 4102, Boston, MA 02116 USA	USA	Series A	55.9%
Mercatus, Inc.	1735 Technology Dr, Suite 250, San Jose, California 95110, United States	USA	Ordinary	10.8%
OYO RMS Corporation	Akasaka Kikyo Building 4th Floor, 11-15 Akasaka 3-Chome, Minato-Ku, Tokyo, 107-0052 Japan	Japan	Ordinary	19.6%
Praedicat, Inc.	Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, United States	USA	Preference	25.9%
Propstack Services Private Ltd	1st & 2nd Floor, Nyay Sagar Bdlg, Kalanagar, Bandra (East), Mumbai – 400 051	India	Ordinary	21.8%
Real Capital Analytics, Inc.	32 Union Square East, Suite 1100, New York, NY10003, United States	USA	Common Preference shares	39.7%
RLTO Ltd	Office 7 35-37 Ludgate Hill, London EC4M 7JN	UK	Ordinary	20.0%
Skymet Weather Services Private Ltd	109, Kushal Bazar, Nehru Place, New Delhi – 110019	India	Ordinary	14.7%
Truffle Pig, LLC	3411 Silverside Road, Rodney Building, Suite 104, Wilmington, New Castle, Delaware, United States	USA	Common Units	45.0%
WellAware Holdings, Inc.	2330 N Loop 1604 W, Ste 110, San Antonio, TX 78248, United States	USA	Preference	8.2%
Wellington Weekly News Ltd	The Old Court House, Union Road, Farnham, Surrey	UK	Ordinary	20.0%
Whereoware, LLC	Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, United States	USA	Membership Interests	19.5%
Yopa Property Ltd	22 Arlington Street, London, SW1A 1RD	UK	C-2 Preference	25.8%
Zipjet Ltd	Unit 2, York House, 2 Avonmore Road, London, W14 8RL	UK	Series A1	22.1%

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Notes to the accounts

47 Full list of Group undertakings continued

Investment name	Address of principal place of business	Country of incorporation or registration	Classes of shares held	% shareholding
BDG Media, Inc.	559 Driggs Avenue, Suite 2, Brooklyn, NY 11211, United States	USA	Ordinary	3.2%
Brit Media, Inc.	556 Sutter Street, San Francisco, CA 94102, United States	USA	Ordinary	9.1%
Compstak, Inc.	Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, United States	USA	Common	2.0%
Cue Ball Capital LP	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE 19801, United States	USA	Partnership Units	2.5%
Evening Standard Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	UK	Ordinary, Ordinary Non Voting	10.0%
Financial Network Analytics Ltd	4 Crown Place, London EC2A 4BT	UK	Ordinary	10.0%
Hambro Perks Ltd	8 Greencoat Place, London SW1P 1PL	UK	C Ordinary	3.1%
Kortext Ltd	26-32 Oxford Road, Suite B, 6th Floor, Avalon House, Bournemouth, Dorset, BH8 8EZ	UK	Ordinary	2.4%
Labrador Ltd	8 Greencoat Place, London, SW1P 1PL	UK	Ordinary	8.6%
Live Better With Ltd	Rocketspace, 40 Islington High Street, London N1 8XB	UK	B Ordinary	5.0%
London Real Estate Exchange Ltd	Cannon Place, 78 Cannon Street, London EC4N 6AF	UK	Ordinary	2.8%
Nazca IT Solutions BV	Standerdmolen 20, 3995 AA Houten, Netherlands	Netherlands	Ordinary	15.0%
PA Group Ltd	PA News Centre, 292 Vauxhall Bridge Road, London SW1V 1AV	UK	Ordinary	15.6%
Pascal Metrics, Inc.	Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, United States	USA	Ordinary	4.3%
Pembroke Holdings, LLC	46 Southfield Ave Ste 400, Stamford CT 06902, United States	USA	Membership Interests	10.0%
Taboola.com Ltd	7 Totseret Haaretz St., Tel-Aviv Israel	Israel	Ordinary	0.4%
TigerBeat Media, LLC	233 Wilshire Boulevard, Suite 525, Santa Monica, California 90401, United States C/O Mesa Global	USA	Membership interests	12.8%
Upstream Group, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	Ordinary	3.6%
Workana, LLC	13th Avenue, Suite 202 Brooklyn, New York, 11228, United States	Argentina	Membership interests	4.0%
Xap Corporation	100 Corporate Pointe, Suite 100, Culver City, CA 90230	USA	Common	19.4%

Five-Year Financial Summary

Consolidated Income Statement

	52 weeks ended 30 September 2014 £m	Year ended 30 September 2015 £m	Year ended 30 September 2016 £m	Year ended 30 September 2017 £m	Year ended 30 September 2018 £m
Revenue	1,811.2	1,842.7	1,514.2	1,564.3	**1,426.4**
Adjusted operating profit	296.2	287.0	177.0	179.0	**144.9**
Exceptional operating costs, impairment of internally generated and acquired computer software, property, plant and equipment and investment property, amortisation and impairment of acquired intangible assets arising on business combinations and impairment of goodwill	(112.2)	(80.2)	(91.4)	(324.4)	**(94.7)**
Operating profit/(loss) before share of results from joint ventures and associates	184.0	206.8	85.6	(145.4)	**50.2**
Share of results of joint ventures and associates	14.3	11.3	4.9	16.9	**118.4**
Total operating profit/(loss)	198.3	218.1	90.5	(128.5)	**168.6**
Other gains and losses	138.9	82.4	130.8	14.0	**553.0**
Profit/(loss) before investment revenue, net finance costs and tax	337.2	300.5	221.3	(114.5)	**721.6**
Investment revenue	10.1	4.0	2.2	2.5	**4.8**
Net finance costs	(80.3)	(88.4)	(21.8)	(0.3)	**(34.5)**
Profit/(loss) before tax	267.0	216.1	201.7	(112.3)	**691.9**
Tax	(18.3)	(20.8)	(19.9)	(64.7)	**(3.7)**
Profit/(loss) for the year after tax	248.7	195.3	181.8	(177.0)	**688.2**
Discontinued operations	34.3	50.0	32.4	519.3	**–**
Equity interests of minority shareholders	(20.1)	(28.7)	(10.0)	3.0	**1.2**
Profit for the year	262.9	216.6	204.2	345.3	**689.4**
Adjusted profit before tax and non-controlling interests	291.1	280.5	259.6	226.1	**182.3**
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	391.1	376.8	363.7	350.4	**287.7**
Adjusted profit after taxation and non-controlling interests	207.4	215.5	197.8	196.3	**149.3**
Earnings/(loss) per share					
Number of shares for basic	372.4	360.8	353.4	353.1	**354.1**
Number of shares for diluted	378.2	366.5	360.6	358.6	**358.4**
Profit effect of dilutive shares	(0.7)	(0.3)	(0.9)	(0.1)	**–**
From continuing operations					
Basic	61.4p	46.2p	48.6p	(49.3)p	**194.7p**
Diluted	60.2p	45.4p	47.4p	(48.5)p	**192.4p**
From discontinued operations					
Basic	9.2p	13.9p	9.2p	147.1p	**–**
Diluted	9.1p	13.6p	9.0p	144.8p	**–**
From continuing and discontinued operations					
Basic	70.6p	60.1p	57.8p	97.8p	**194.7p**
Diluted	69.3p	59.0p	56.4p	96.3p	**192.4p**
Adjusted earnings per share					
Basic	55.7p	59.7p	56.0p	55.6p	**42.2p**
Diluted	54.6p	58.7p	54.7p	54.7p	**41.7p**

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Five-Year Financial Summary

Consolidated Cash Flow Statement

	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m
Net cash inflow from operating activities	218.4	259.7	232.1	219.5	**115.0**
Investing activities	26.0	(44.2)	(35.8)	138.6	**481.3**
Financing activities	(302.7)	(212.2)	(214.6)	(368.4)	**(169.4)**
Net increase/(decrease) in cash and cash equivalents	(58.3)	3.3	(18.3)	(10.3)	**426.9**
Cash and cash equivalents at beginning of year	88.5	29.0	31.5	17.5	**7.4**
Exchange gain/(loss) on cash and cash equivalents	(1.2)	(0.8)	4.3	0.2	**1.6**
Cash and cash equivalents at end of year	29.0	31.5	17.5	7.4	**435.9**
Net increase/(decrease) in cash and cash equivalents	(58.3)	3.3	(18.3)	(10.3)	**426.9**
Cash inflow/(outflow) from change in debt and finance leases	31.3	(86.9)	101.5	217.0	**268.4**
Change in net debt from cash flows	(27.0)	(83.6)	83.2	206.7	**695.3**
Loan notes issued and loans arising from acquisitions	(3.0)	–	(0.2)	–	**–**
Other non-cash items	0.2	(15.1)	(60.2)	7.7	**1.7**
Decrease/(increase) in net debt in the year	(29.8)	(98.7)	22.8	214.4	**697.0**
Net debt at start of year	(573.0)	(602.8)	(701.5)	(678.7)	**(464.3)**
Net cash/(debt) at end of year	(602.8)	(701.5)	(678.7)	(464.3)	**232.7**

Consolidated Statement of Financial Position

	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m
Goodwill and intangible assets	1,125.3	1,332.6	1,480.8	576.1	**464.4**
Tangible assets	202.0	181.1	176.1	103.3	**99.7**
Fixed asset investments	145.9	157.0	165.9	766.0	**785.8**
Other non-current assets	213.6	230.7	285.5	189.9	**358.4**
Fixed assets	1,686.8	1,901.4	2,108.3	1,635.3	**1,708.3**
Net current liabilities	(511.1)	(363.2)	(443.3)	(174.5)	**217.6**
Long-term liabilities	(785.1)	(1,078.4)	(1,135.7)	(541.6)	**(250.6)**
Net assets	390.6	459.8	529.3	919.2	**1,675.3**
Shareholders' equity					
Called-up share capital	49.2	45.4	45.3	45.3	**45.3**
Share premium account	17.8	17.8	17.8	17.8	**17.8**
Other reserves	(240.7)	(97.3)	(71.8)	15.6	**1.3**
Minority interests	117.8	154.9	178.2	11.0	**13.5**
Retained earnings	446.5	339.0	359.8	829.5	**1,597.4**
Total equity	390.6	459.8	529.3	919.2	**1,675.3**

Shareholder information

	2014	2015	2016	2017	2018
Dividend per share*	20.40p	21.40p	22.00p	22.70p	**23.30p**
Price of A Ordinary Non-Voting Shares:					
Lowest	£6.99	£6.99	£5.71	£6.06	**£5.00**
Highest	£10.74	£10.74	£7.90	£8.36	**£7.81**

*Represents the dividends declared by the Directors in respect of the above years.

Company Statement of Financial Position

At 30 September 2018

	Note	At 30 September 2018 £m	At 30 September 2017 £m
ASSETS			
Fixed assets			
Property, plant and equipment	5	**0.9**	–
Shares in Group undertakings	8	**3,033.6**	3,349.0
Other investments	9	**6.5**	5.7
Trade and other receivables	10	**167.7**	169.1
		3,208.7	3,523.8
Current assets			
Trade and other receivables	10	**59.3**	81.2
Other financial assets	11	**237.3**	–
Cash at bank and in hand	12	**363.8**	0.1
Deferred tax	15	**3.8**	2.5
		664.2	83.8
Total assets		**3,872.9**	3,607.6
LIABILITIES			
Creditors: amounts falling due within one year			
Trade and other payables	13	**(102.7)**	(140.2)
Borrowings	13	**(218.7)**	(2.5)
		(321.4)	(142.7)
Creditors: amounts falling due after more than one year			
Borrowings	14	**(205.7)**	(469.8)
Derivative financial liabilities	14	**(20.1)**	(18.8)
		(225.8)	(488.6)
Total liabilities		**(547.2)**	(631.3)
Net assets		**3,325.7**	2,976.3
CAPITAL AND RESERVES			
Called-up share capital		**45.3**	45.3
Share premium account	16	**17.8**	17.8
Share capital		**63.1**	63.1
Reserve for own shares	16	**(57.2)**	(64.3)
Capital redemption reserve	17	**5.2**	5.2
Profit and loss account	18	**3,314.6**	2,972.3
Equity shareholders' funds		**3,325.7**	2,976.3

The financial statements on pages 187 to 194 were approved by the Directors and authorised for issue on 29 November 2018. They were signed on their behalf by:

The Viscount Rothermere
P Zwillenberg
Directors

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Company Statement of Changes in Equity

For the year ended 30 September 2018

	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Reserve for own shares £m	Profit and loss account £m	Total £m
At 30 September 2016	**45.3**	**17.8**	**5.2**	**(74.6)**	**2,928.7**	**2,922.4**
Profit for the period	–	–	–	–	127.9	127.9
Total comprehensive income for the period	–	–	–	–	127.9	127.9
Dividends paid	–	–	–	–	(78.3)	(78.3)
Credit to equity for share-based payments	–	–	–	–	(3.8)	(3.8)
Deferred tax on share-based payments	–	–	–	–	(1.5)	(1.5)
Own shares acquired in the period	–	–	–	(28.6)	–	(28.6)
Own shares released on vesting of share options	–	–	–	38.9	(0.7)	38.2
At 30 September 2017	**45.3**	**17.8**	**5.2**	**(64.3)**	**2,972.3**	**2,976.3**
Profit for the period	–	–	–	–	417.9	417.9
Total comprehensive income for the period	–	–	–	–	417.9	417.9
Dividends paid	–	–	–	–	(81.0)	(81.0)
Credit to equity for share-based payments	–	–	–	–	7.6	7.6
Deferred tax on share-based payments	–	–	–	–	(1.5)	(1.5)
Own shares acquired in the period	–	–	–	(14.3)	–	(14.3)
Own shares released on vesting of share options	–	–	–	21.4	(0.7)	20.7
At 30 September 2018	**45.3**	**17.8**	**5.2**	**(57.2)**	**3,314.6**	**3,325.7**

Notes to the Company Statement of Financial Performance

1 Basis of preparation

The financial statements of Daily Mail and General Trust plc have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. See Note 2 for further detail.

Profit for the financial year

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account for the Company has not been included in these accounts. The Company's profit after tax for the year was £417.9 million (2017 £127.9 million). This includes dividends receivable from subsidiary undertakings amounting to £781.8 million (2017 £152.2 million).

Impact of amendments to accounting standards

The Company has applied the exemption available under FRS 101 in relation to paragraphs 30 and 31 of IAS 8, Accounting policies, changes in accounting estimates and errors (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued and is not yet effective).

2 Significant accounting policies

Foreign exchange

Transactions in currencies other than the Company's reporting currency are recorded at the exchange rate prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate prevailing on the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the profit and loss account for the period.

Available-for-sale investments

Available-for-sale investments are stated at cost, less any provision for impairment, where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is not discounted.

Financial instruments disclosures

Financial assets

Trade and other receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. The majority of other receivables relate to amounts owed by subsidiary undertakings. Further information concerning interest charged on these receivables is set out in Note 10.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, short-term deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Trade and other payables

Trade payables are non-interest bearing and are stated at their nominal value.

Capital market and bank borrowings

Interest bearing loans and overdrafts are initially measured at fair value (which is equal to net proceeds at inception), and are subsequently measured at amortised cost, using the effective interest rate method. A portion of the Company's bonds are subject to fair value hedge accounting and this portion of the carrying value is adjusted for the movement in the hedged risk to the extent hedge effectiveness is achieved. Any difference between the proceeds, net of transaction costs and the settlement or redemption of borrowings is recognised over the term of the borrowing.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to settle on a net basis, or realise the asset and liability simultaneously.

Financial Statements

Notes to the Company Statement of Financial Performance

Derivative financial instruments and hedge accounting

The Company's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. The Company uses various derivative financial instruments to manage its exposure to these risks.

The use of financial derivatives is set out in Note 34 of the Group's Annual Report. The Company does not use derivative financial instruments for speculative purposes.

The Company does not apply hedge accounting except for fair value hedges. Gains and losses arising on derivatives that form part of net investment hedge or cash flow hedge relationships in the consolidated financial statements are recorded in the profit and loss account in the Company.

Financial instruments – disclosures

The Company has taken advantage of the exemption provided in IFRS 7, Financial Instruments: Disclosures and included disclosures relating to financial instruments in Note 34 of the Group's Annual Report.

Cash flow statement

The Company has utilised the exemptions provided under IAS 7, Statement of Cash Flows and has not presented a cash flow statement. A consolidated cash flow statement has been presented in the Group's Annual Report.

Related party transactions

The Company has taken advantage of the exemptions of IAS 24, Related Party Disclosures and included disclosures relating to related parties in Note 44 of the Group's Annual Report.

Share-based payments

The Company operates the Group's LTIP and other Group share-based payment schemes, details of which can be found in Note 42 of the Group's Annual Report.

Retirement benefits

The defined benefit pension schemes' surpluses/deficits have been allocated to Group companies on a buy-out basis – that is of an estimate of the liabilities and assets of the defined benefit schemes as at 30 September 2018. Accordingly the Company has not recorded an asset or liability in relation to the Group's defined benefit scheme.

Further information can be found in Note 35 of the Group's Annual Report.

Critical accounting judgements and key sources of estimation uncertainty

The following represents the key source of estimation uncertainty that has the most significant effect on the amounts recognised in the financial statements:

Impairment reviews are performed when there is an indicator that the carrying value of the shares in Group undertakings could exceed their recoverable values based on their value in use or fair value less costs to sell. Value in use is calculated by discounting future expected cash flows. These calculations use cash flow projections based on Board-approved budgets and projections which reflect management's current experience and future expectations of the markets in which the Group undertaking operates. Risk adjusted pre-tax discount rates used by the Company in its impairment tests range from 10.2% to 16.0%, the choice of rates depending on the risks specific to that cash generating unit (CGU). The cash flow projections consist of Board-approved budgets for the following year, together with forecasts for up to two additional years and nominal long-term growth rates beyond these periods. The nominal long-term (decline)/growth rates range from (3.0%) to 7.00% and vary with management's view of the CGU's market position, maturity of the relevant market and do not exceed the long-term average growth rate for the market in which the CGU operates.

The carrying value of the investment in Group undertakings is £3.0 billion (2017 £3.3 billion). If the growth rate assumptions were reduced or the discount rate was increased this would result in an additional impairment charge.

3 Auditor's remuneration

Statutory audit fees relating to the Company amounted to £0.3 million (2017 £0.3 million).

4 Employees

	2018 Number	2017 Number
Average number of persons employed by the Company including Directors :	**18**	14

	2018 £m	2017 £m
Total staff costs comprised:		
Wages and salaries	**4.2**	5.6
Share-based payments	**5.6**	(1.1)
Social security costs	**2.1**	0.4
Pension costs	**0.1**	0.1
	12.0	5.0

The remuneration of the Directors of the Company during the year are disclosed in the Remuneration Report of the Group's Annual Report.

5 Property, plant and equipment

	Fixtures, fittings and artwork £m
Cost	
At 30 September 2016	–
Additions	–
Disposals	–
At 30 September 2017	–
Additions	0.9
At 30 September 2018	**0.9**
Net book value – 2017	–
Net book value – 2018	**0.9**

6 Tax

There was a current tax credit for the year of £8.7 million (2017 £7.8 million).

7 Dividends

During the year, the Company paid a final dividend for the year ended 30 September 2017 of 15.3 pence per share and an interim dividend for the year ended 30 September 2018 of 6.9 pence to Ordinary and A Ordinary shareholders amounting to £81.0 million (2017 £78.3 million).

The Board has declared a final dividend for the year ended 30 September 2018 of 16.2 pence per Ordinary/A Ordinary Non-Voting Share (2017 15.8 pence) which will absorb an estimated £57.3 million (2017 £55.8 million) of shareholders' equity for which no liability has been recognised in these financial statements. It will be paid on 8 February 2019 to shareholders on the register at the close of business on 7 December 2018.

8 Shares in Group undertakings (listed on pages 179 to 182)

	Cost £m	Provision £m	Net book value £m
At 30 September 2017	3,533.0	(184.0)	3,349.0
Additions	4.6	–	4.6
Impairment charge	–	(320.0)	(320.0)
Disposals	(184.0)	184.0	–
At 30 September 2018	**3,353.6**	**(320.0)**	**3,033.6**

	Additions £m
Analysis of movements in the year	
Daily Mail and General Holdings Ltd	4.6

9 Other investments

	Cost and net book value £m
At 30 September 2017	5.7
Additions	0.8
At 30 September 2018	**6.5**

10 Trade and other receivables

	Note	2018 £m	2017 £m
Amounts falling due after more than one year			
Amounts owed by Group undertakings	(i)	**150.0**	150.0
Other financial assets		**8.0**	14.5
Derivative financial assets	(ii)	**9.7**	4.6
		167.7	169.1

(i) Included within amounts owed by Group undertakings is an amount owed by a subsidiary company, DMGZ Ltd, of £150.0 million (2017 £150.0 million). The loan bears interest at 6.3% p.a. and is repayable on 30 September 2024.

(ii) Details of the Company's derivative financial assets are set out in Note 34 of the Group's Annual Report.

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10 Trade and other receivables continued

	2018 £m	2017 £m
Amounts falling due within one year		
Amounts owed by Group undertakings	**48.7**	70.7
Prepayments and accrued income	**0.9**	2.6
Other receivables	**0.2**	0.2
Corporation tax	**9.5**	7.7
	59.3	81.2

11 Other financial assets

	2018 £m	2017 £m
Cash deposits	**237.3**	–

Represents cash deposits held with the Group's bank counterparties with an original maturity date of three months or more. As required by IAS 7, Statement of Cash Flows, these have been classified within other financial assets.

12 Cash at bank and in hand

	2018 £m	2017 £m
Cash at bank and in hand	**363.8**	0.1

13 Trade and other payables falling due within one year

	Note	2018 £m	2017 £m
5.75 % Bonds 2018		**218.7**	–
Bank overdrafts		**–**	2.5
Interest payable		**14.2**	14.2
Amounts owing to Group undertakings	(i)	**79.5**	121.5
Accruals and deferred income		**8.8**	4.5
Other payables		**0.2**	–
		321.4	142.7

(i) Amounts owing to Group undertakings are repayable on demand and bear interest of UK bank base rate plus 0.5%.

14 Trade and other payables falling due after more than one year

	Note	2018 £m	2017 £m
5.75 % Bonds 2018		**–**	216.2
10.00 % Bonds 2021		**9.1**	10.0
6.375 % Bonds 2027		**196.6**	197.3
Bank loans		**–**	46.3
Derivative financial liabilities	(i)	**20.1**	18.8
		225.8	488.6

The nominal values of the bonds are as follows:

	2018 £m	2017 £m
5.75 % Bonds 2018	**218.5**	218.5
10.00 % Bonds 2021	**7.2**	7.2
6.375 % Bonds 2027	**200.0**	200.0
	425.7	425.7

(i) Details of the Company's derivative financial liabilities are set out in Note 34 of the Group's Annual Report.

The Company's bonds have been adjusted from their nominal values to take account of the premia, direct issue costs, discounts and movements in hedged risks. The issue costs, premia and discounts are being amortised over the expected lives of the bonds using the effective interest method. The unamortised issue costs amount to £0.6 million (2017 £0.9 million) and the unamortised premia amounts to £1.2 million (2017 £4.1 million).

Details of the fair value of the Company's bonds are set out in Note 33 of the Group's Annual Report.

The bonds are subject to fair value hedging using derivatives as set out in Note 34 of the Group's Annual Report. Consequently, their carrying value is also adjusted to take into account the effects of this hedging activity.

The book value of the Company's other borrowings equates to fair value.

The interest rate charged on the Company's bank loans during the year ranged as follows:

	2018 High	2018 Low	2017 High	2017 Low
Sterling	**1.99%**	0.98%	1.95%	0.98%
US dollar	**2.96%**	2.30%	2.75%	1.46%

The maturity profile of the Company's borrowings is as follows:

	Overdrafts £m	Bank loans £m	Bonds £m	Owed to group undertakings £m	Total £m
2018					
Within one year	**–**	**–**	**218.7**	**79.5**	**298.2**
Between two and five years	**–**	**–**	**9.1**	**–**	**9.1**
Over five years	**–**	**–**	**196.6**	**–**	**196.6**
	–	**–**	**205.7**	**–**	**205.7**
	–	**–**	**424.4**	**79.5**	**503.9**
2017					
Within one year	2.5	–	–	–	2.5
Between one and two years	–	–	216.2	–	216.2
Between two and five years	–	46.3	10.0	–	56.3
Over five years	–	–	197.3	–	197.3
	–	46.3	423.5	–	469.8
	2.5	46.3	423.5	–	472.3

15 Deferred tax

Movements on the deferred tax asset were as follows:

	2018 £m	2017 £m
At start of year	**2.5**	5.1
Share-based payments	**0.3**	(1.5)
Tax charge/(credit) for the year	**1.0**	(1.1)
At end of year	**3.8**	2.5

In the opinion of the Directors, it is more likely than not that the Company will be able to recover the deferred tax asset against suitable future taxable profits generated by its subsidiary undertakings.

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16 Capital and Reserves

Share premium account:

	2018 £m	2017 £m
At start and end of year	**17.8**	17.8

Own shares:

	2018 £m	2017 £m
At start of year	**(64.3)**	(74.6)
Additions	**(14.3)**	(28.6)
Own shares released on vesting of share options	**21.4**	38.9
At end of year	**(57.2)**	(64.3)

The Company's investment in its own shares are shares held in treasury or shares held by an employee benefit trust to satisfy incentive schemes. At 30 September 2018, this investment comprised the cost of 4,812,419 A Ordinary Non-Voting Shares (2017 4,812,419) held in treasury and 2,981,109 A Ordinary Non-Voting Shares (2017 3,710,764) held in the employee benefit trust. The market value of the Treasury Shares at 30 September 2018 was £33.8 million (2017 £31.2 million) and the market value of the shares held in the employee benefit trust at 30 September 2018 was £20.9 million (2017 £24.1 million).

The employee benefit trust is independently managed and has purchased shares in order to satisfy outstanding share options and potential awards under the long-term incentive plan.

The Treasury Shares are considered to be a realised loss for the purposes of calculating distributable reserves.

17 Capital redemption reserve

	£m
At start and end of year	**5.2**

18 Profit and loss account

	2018 £m	2017 £m
At start of year	**2,972.3**	2,928.7
Net profit for the period	**417.9**	127.9
Dividends paid	**(81.0)**	(78.3)
Other movements on share option schemes	**5.4**	(6.0)
At end of year	**3,314.6**	2,972.3
Total reserves	**3,280.4**	2,931.0

The Directors estimate that £1,511.9 million of the Company's profit and loss account reserve is not distributable (2017 £1,422.0 million).

19 Contingent liabilities

At 30 September 2018 the Company had guaranteed subsidiaries' outstanding derivatives which had a mark to market liability valuation of £ nil (2017 £2.6 million) and letters of credit with a principal value of £3.3 million (2017 £3.5 million). The Company is the guarantor of a loan note amounting to £150.0 million (2017 £150.0 million) in respect of the contingent asset partnership referred to in Note 44 of the Group's Annual Report.

20 Ultimate holding company

The Company's immediate parent company is Rothermere Continuation Limited (RCL), a company incorporated in Bermuda.

Ultimate controlling party

RCL is a holding company incorporated in Bermuda. The main asset of RCL is its 100% holding of DMGT Ordinary Shares. RCL has controlled the Company for many years and as such is its immediate parent Company. RCL is owned by a trust (the Trust) which is held for the benefit of Viscount Rothermere and his immediate family. The Trust represents the ultimate controlling party of the Company. Both RCL and the Trust are administered in Jersey, in the Channel Islands.

21 Post balance sheet events

Details of the Company's post balance sheet events can be found within Note 45 of the Group's Annual Report.

Shareholder Information

Company Secretary and Registered Office

Fran Sallas
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England Registered Number: 184594

Website

The Group's website (www.dmgt.com) gives information on the Company and its operating companies and includes details of significant Group announcements.

Financial calendar 2019

24 January	Trading update
6 February	Annual General Meeting
8 February	Payment of final dividend
31 March	Half year end
9 April	Payment of interest on bonds
30 May	Half yearly financial report released
6 June	Interim ex-dividend date
7 June	Interim record date
21 June	Payment of interest on bonds
28 June	Payment of interim dividend
25 July	Trading update
30 September	Year end
5 December	Announcement of annual results
12 December	Ex-dividend date
13 December	Record date

Capital gains tax

The market value of both the Ordinary and A Ordinary Non-Voting Shares (A Shares) in the Company on 31 March 1982 (adjusted for the 1994 bonus issue of A Shares and for the four-for-one share split in 2000) was 9.75 pence.

Registrars

All enquiries regarding shareholdings, dividends, lost share certificates, loan notes in the Company and in Daily Mail and General Investments Limited or changes of address should be directed to Equiniti, the Company's Registrars, at the address set out on the following page.

Electronic communications

Equiniti operates Shareview, a free online service which enables shareholders to check their shareholdings and other related information and to register to receive notification by email of the release of the Annual Report. It also offers practical help on matters such as transferring shares or updating contact details. Shareholders may register for the service at www.shareview.co.uk.

This Annual Report is available electronically on the Company's website which contains a link to Shareview to enable shareholders to register for electronic mailings. Notification by email has been given of the availability of this Annual Report on the Company's website to those shareholders who have registered.

Low-cost share dealing service

Equiniti provides a simple low-cost dealing service for the Company's A Shares, details of which are available at www.shareview.co.uk/dealing or by calling +44 (0) 3456 037 037. Details of this and other low-cost dealing services can be found on the Company's website at www.dmgt.com.

Share price information

The current price of the Company's A Shares can be found on the home page of the Company's website at www.dmgt.com.

Shareholder Information

Eurobond paying agent
The principal paying agent for the Company's 10% Bonds due 2021 and the 6.375% Bonds due 2027 is Deutsche Trustee Company Limited, Winchester House, 1 Great Winchester St, London EC2N 2DB. The principal paying agent for the Company's 5.75% Bonds due 2018 is HSBC Trustee (CI) Limited, HSBC House, Esplanade, Jersey, Channel Islands JE1 1GT. Enquiries should be directed to John Donegan, Group Financial Controller, whose email address is john.donegan@dmgt.com.

CREST
Shareholders have the choice either of holding their shares in electronic form in an account on the CREST system or in the physical form of share certificates.

Investor relations
Investor relations are the responsibility of Adam Webster, whose email address is adam.webster@dmgt.com.

ShareGift
In the UK, DMGT supports ShareGift, which is administered by the Orr Mackintosh Foundation (registered charity number 1052686) and which operates a charity share donation scheme for shareholders wishing to give small holdings of shares to benefit charitable causes. It may be especially useful for those who wish to dispose of a small parcel of shares which would cost more to sell than they are worth. There are no capital gains tax implications (i.e. no gain or loss) on gifts of shares to charity and it is also possible to obtain income tax relief. If you would like to use ShareGift or receive more information about the scheme, ShareGift can be contacted by visiting its website at www.sharegift.org or by writing to ShareGift, 17 Carlton House Terrace, London SW1Y 5AH.

Shareholdings at 30 September 2018

Ordinary Shares

Balance ranges	Total number of holdings	Percentage of holders	Total number of shares	Percentage issued capital
1–1,000	0	0.00%	0	0.00%
1,001–5,000	0	0.00%	0	0.00%
5,001–10,000	0	0.00%	0	0.00%
10,001–20,000	0	0.00%	0	0.00%
20,001–50,000	0	0.00%	0	0.00%
50,001–100,000	0	0.00%	0	0.00%
100,001–500,000	0	0.00%	0	0.00%
500,001 and over	3	100.00%	19,890,364	100.00%
Totals	**3**	**100.00%**	**19,890,364**	**100.00%**

A Shares

Balance ranges	Total number of holdings	Percentage of holders	Total number of shares	Percentage issued capital
1–1,000	758	44.72%	252,315	0.07%
1,001–5,000	430	25.37%	1,082,471	0.32%
5,001–10,000	172	10.15%	1,248,251	0.36%
10,001–20,000	109	6.43%	1,602,554	0.47%
20,001–50,000	67	3.95%	2,120,441	0.62%
50,001–100,000	39	2.30%	2,688,037	0.79%
100,001–500,000	63	3.72%	15,207,760	4.44%
500,001 and over	57	3.36%	318,002,641	92.93%
Totals	**1,695**	**100.00%**	**342,204,470**	**100.00%**

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Visit www.dmgt.com to see what is happening across our business and the marketplaces in which we operate.

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